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Rules, Regulations, Orders

TITLE 14—CIVIL AVIATION

CHAPTER I—CIVIL AERONAUTICS AUTHORITY

TICKETS AND PASSES FOR FREE OR REDUCED-RATE TRANSPORTATION

At a session of the Civil Aeronautics Authority held at its offices in Washington, D. C., on the 24th day of May 1940.

The Civil Aeronautics Authority, acting pursuant to the Civil Aeronautics Act of 1938, particularly sections 205 (a) and 403 (b) thereof, and deeming its action necessary to carry out the provisions of said Act and to perform its powers and duties thereunder, hereby makes and promulgates the following regulation:

§ 228.4 *Issuance and interchange of tickets and passes for free or reduced-rate transportation*—1. *Definitions.* As used in this regulation, unless the context otherwise requires—

(a) "Carrier" means an air carrier or foreign air carrier.

(b) "Pass" means a written authorization issued by a carrier for the free or reduced-rate transportation of persons or property.

(c) "Annual pass" means a pass authorizing free or reduced-rate transportation over a period of a calendar year.

(d) "Term pass" means a pass authorizing free or reduced-rate transportation over a specified period of less than a year.

(e) "Trip pass" means a pass authorizing free or reduced-rate transportation for a single one-way trip or round-trip between designated points.

(f) "Free transportation" means the carriage by a carrier of any person or property (other than property owned by such carrier) for no compensation.

(g) "Reduced-rate transportation" means the carriage by a carrier of any person or property for a compensation less than that under the rate, fare, or charge published in the tariffs of such carrier on file with the Authority and otherwise applicable to such carriage.

(h) All other words and phrases shall have the meaning defined in the Act.

2. *Passes or tickets to be issued.* Except as is otherwise provided in this regulation or in any other regulation or order of the Authority now or hereafter in effect, no carrier shall furnish any free or reduced-rate transportation unless a pass or ticket therefor has been issued.

3. *Transportation of persons or property on business of carrier.* At the option of carriers, passes need not be issued to a carrier's own employees for necessary travel in the performance of their duties, nor does this regulation prohibit the free transportation of property for use by the carrier in the performance of its functions as a common carrier in air transportation.

4. *Free transportation of postal employees.* Carriers are not required to issue passes for the free transportation of postal employees. Such transportation may be furnished in accordance with the provisions of § 228.1 of the Economic Regulations, and nothing herein shall be construed as repealing or amending that regulation.

5. *Filing of lists of authorized officials.* Within thirty days after the effective date of this regulation, each carrier shall file with the Authority (a) a list of the name and title of each of its officials upon whose authorization passes or free or reduced-rate tickets may be issued, and (b) a list of the name and title of each of its officials who are authorized to request passes or free or reduced-rate tickets from other carriers. Any change in such lists must be filed with the Authority within fifteen days after such change is put into effect.

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6. *Form of pass.* No carrier shall issue any other form of pass than a "trip", "term", or "annual" pass. Every pass must show on its face at least the name of the person or persons who, or whose property, is entitled to transportation thereunder, and the eligibility of such person or property to receive free or reduced-rate transportation. Each pass must bear either the signature in ink of an official named in the list referred to in paragraph 5 hereof, or the facsimile signature of such an official and the countersignature in ink of some other official or responsible subordinate who is designated by name and title on the pass. Every pass shall be issued upon the express condition that it is subject to suspension or cancellation for abuse of the privileges accorded thereunder.

7. *General epidemics, pestilence, or other calamitous visitation.* Free or reduced-rate transportation with the object of providing relief in cases of general epidemic, pestilence, or other calamitous visitation may be provided without the issuance of passes or tickets. Each carrier shall file on or before August 1, and February 1, of each calendar year, a general statement of the facts concerning all such transportation provided by it during the six-months period ending June 30 and December 31, respectively.

8. *Carrier's record of passes and free and reduced-rate tickets.* Each carrier shall maintain a record of all passes and free and reduced-rate tickets issued by it. Such record shall contain the following information, and shall be filed in such manner as to be accessible and convenient for examination: The type of pass or ticket; date issued; number; to whom issued, including the name, address, and eligiblity under the Act; privileges accorded thereunder; points between which the transportation is authorized, or, in the case of "annual" and "term" passes, the route number or system or particular points, as may be appropriate; date of expiration; and the name of the official upon whose authorization the pass or ticket was issued. All correspondence or memoranda relating to free or reduced-rate transportation shall be retained and made a permanent part of the carrier's records. In the case of a reduced-rate pass or ticket, the record shall show the amount of the charge assessed or assessable.

9. *Carrier's rules to be filed with the Authority.* Within thirty days from the effective date of this regulation, each carrier shall file with the Authority three copies of all instructions to its employees, and all company rules and regulations, governing its practices in connection with the issuance and interchange of passes and free or reduced-rate tickets. If no such instructions, rules, or regulations are in effect, then three copies of a general statement by an appropriate official of the carrier must be filed, comprehensively describing its practices in connection with the issuance and interchange of passes and free or reduced-rate tickets. Three copies of any change in such instructions, rules, regulations, or statement of practices must be filed with the Authority within thirty days after the effective date of such change.

10. *Repeals and amendments.* (a) That portion of paragraph 3 (d) of § 224.1 of the Economic Regulations, adopted September 16, 1938, which is entitled "Free or reduced-rate transportation" is hereby repealed.

(b) Section 228.2 of the Economic Regulations (Temporary Regulation 403–B–1), adopted October 31, 1938, is hereby repealed except in so far as such regulation applies to oversea and foreign air transportation.

(c) Paragraph (a) of § 202.1 of the Economic Regulations, adopted October 10, 1938, is hereby amended by inserting after the word "form" in the last clause thereof and before the word "is" the following: ", together with such amendments thereto as may be adopted from time to time and indicated thereon".

(d) Paragraph (b) of § 202.1 of the Economic Regulations, adopted October 10, 1938, is hereby amended by inserting after the word "form" in the last clause thereof and before the word "is" the following: ", together with such amendments thereto as may be adopted from time to time and indicated thereon,".

14. *Effective date.* This regulation shall become effective on the 1st day of July, 1940.

By the Authority.

[SEAL] PAUL J. FRIZZELL,
Secretary.

[F. R. Doc. 40–2128; Filed, May 27, 1940; 11:40 a. m.]

TITLE 26—INTERNAL REVENUE

CHAPTER I—BUREAU OF INTERNAL REVENUE

[Regulations 15]

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Article I—Scope of Regulations

§ 190.1 *Rectification of spirits and wines.* These regulations are prescribed pursuant to the provisions of law governing the rectification of spirits and wines.*

Article II—Regulations Superseded

§ 190.2 *Effective date.* These regulations shall, on and after the sixtieth day following the date of approval, supersede Regulations 15, approved July 30, 1934, and all amendments and modifications thereof. But these regulations shall not affect or limit any act done or any liability incurred under any regulations superseded hereby, or any suit, action, or proceeding had or commenced in any civil, administrative, or criminal cause or proceeding prior to the effective date of these regulations, nor shall these regulations release, acquit, affect, or limit any offense committed in violation of previously existing regulations, or any penalty, liability, or forfeiture incurred prior to such date.*

Article III—Definitions

§ 190.3 *Definitions.* As used in these regulations, the following words and phrases shall have the meanings as herein defined:

(a) "Collector" shall mean the collector of internal revenue of the collection district in which the rectifying plant is located.

(b) "Commissioner" shall mean the Commissioner of Internal Revenue.

(c) "Distilled spirits" shall mean all the substances produced by the distillation of fermented grain, molasses, or other materials, commonly known as spirits, whisky, rum, gin, brandy, and alcohol.

(d) "District supervisor" or "supervisor" shall mean the person having charge of a supervisory district of the Alcohol Tax Unit of the Bureau of Internal Revenue.

(e) "I.R.C." shall mean the Internal Revenue Code (Public, No. 1, 76th Congress).

(f) "Person," "proprietor," or "rectifier" shall include natural persons, associations, copartnerships, and corporations.

(g) "Rectified spirits" shall mean all the products of rectification.

(h) "Rectifier" shall mean the proprietor of the rectifying plant.

(i) "Rectification" shall mean any act constituting rectification as defined in section 3254 (g), I.R.C., and in these regulations.

(j) "Red strip stamps" shall mean the stamps prescribed under authority of section 2803 (d), I.R.C.

(k) "Secretary" shall mean Secretary of the Treasury.

(l) "Spirits" as used in these regulations shall mean distilled spirits, wines, cordials, liqueurs, etc., except where otherwise indicated.

(m) "Tank car" shall mean a railroad tank car.

(n) "Wines" shall mean all kinds and types of wine produced by the fermentation of fruits and berries, and all artificial or imitation wines or compounds sold as wine.

(o) Words in the plural form shall include the singular, and *vice versa*, and words in the masculine gender shall include females, associations, copartnerships, and corporations.*

Article IV—Persons Required to Qualify As Rectifiers

§ 190.4 *Rectifier defined; exceptions.* Any person who rectifies, purifies, or refines distilled spirits or wines, or who, by mixing such spirits or wines with each other, or with any materials, manufactures any spurious, imitation, or compound liquor for sale, and every wholesale or retail liquor dealer who has in his possession any still or leach tub, or who keeps any other apparatus for the purpose of refining in any manner distilled spirits, is a rectifier and must qualify as such, except the following:

(a) *Distillers.* Distillers who rectify, purify, or refine distilled spirits by original and continuous distillation from mash, wort, or wash through continuous, closed vessels and pipes until the manufacture thereof is complete, or who purify or refine spirits in the course of original and continuous distillation through any materials which will not remain incorporated with such spirits when the manufacture thereof is complete.

(b) *Producers of absolute alcohol.* Persons who produce absolute alcohol by the process of extraction of water from high-proof spirits.

(c) *Proprietors of bonded wineries or storerooms.* Proprietors of bonded wineries or bonded wine storerooms, who mix or blend untax-paid wines for the sole purpose of perfecting such wines according to commercial standards, or who filter, clarify, or purify wines on bonded winery and bonded storeroom premises; also proprietors of bonded wineries who manufacture vermouth with fortified sweet wine on bonded winery premises.

(d) *Manufacturers of alcoholic compounds.* Persons who manufacture alcoholic compounds which are declared by the Commissioner to be unfit for use for beverage purposes. (See Article V.)

(e) *Apothecaries.* Apothecaries who use wines or spirituous liquors exclusively in the preparation or making up of medicines unfit for use for beverage purposes.

(f) *Manufacturing chemist.* Manufacturing chemists or flavoring extract manufacturers who recover tax-paid alcohol or spirituous liquors from dregs or marc of percolation, if such recovered alcohol or spirituous liquors be again used in the manufacture of medicines or flavoring extracts of the kind in the production of which originally used.

(g) *Alcohol plants and bonded warehouses.* Alcohol plants and alcohol bonded warehouses established and operated under Chapter 26, Subchapter C, Part II, Internal Revenue Code, and regulations issued pursuant thereto.

(h) *Retail liquor dealers.* Retail liquor dealers who mix drinks, after orders have been received therefor, for consumption on the premises where sold.* (Secs. 2801 (c) (2), (e) (3), 3043, 3103, 3250 (h), (i), 3254 (g), I.R.C.)

Article V—Products Unfit for Beverage Use

§ 190.5 *Description of products.* The following products are considered as meeting the requirements for exemption from special and commodity taxes:

(a) *U. S. P., N. F., and A. I. H. Preparations.* Medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopoeia, the National Formulary, or the American Institute of Homeopathy, that are unfit for use for beverage purposes.

*§§ 190.1 to 190.486, except §§ 190.47, 190.405, 190.406, 190.407, 190.408, and 190.424, issued under authority contained in sections 2801 (e) (1) and 3176, Internal Revenue Code (Public, No. 1, 76th Congress). Citations of more specific authority and citations of statutory provisions interpreted or applied are included in parentheses at the end of particular sections.

(b) *Patent medicines.* Patented, patent, and proprietary medicines that are unfit for use for beverage purposes.

(c) *Toilet preparations.* Toilet, medicinal, and antiseptic preparations and solutions that are unfit for use for beverage purposes.

(d) *Flavoring extracts.* Flavoring extracts, sirups, and concentrates that are unfit for use as beverages or for intoxicating beverage purposes. Flavoring extracts which conform to the requirements of the Food and Drug Administration, United States Department of Agriculture, are held to be unfit for use for beverage purposes.

(e) *Laboratory reagents.* Laboratory reagents, stains, and dyes that are unfit for use for beverage purposes.

(f) *Salted wines.* Salted wines which contain not in excess of 21 per cent alcohol by volume and not less than 1.5 grams of salt per 100 cubic centimeters.

(g) *Sauces.* Sauces or sirups consisting of sugar solutions and intoxicating liquors in which the alcohol does not exceed 12 per cent by volume and the sugar content is not less than 60 grams per 100 cubic centimeters.

(h) *Brandied fruits.* Brandied fruits consisting of solidly packaged fruits, either whole or segmented, and only sufficient liquor for flavoring and preserving.

(i) *Food products.* Food products such as mincemeat, plum pudding, and fruit cake where only sufficient liquor is used for flavoring and preserving; and ice cream and ices where only sufficient liquor is used for flavoring purposes.*

§ 190.6 *Restrictions.* The foregoing products must be sold only for nonbeverage purposes. Any sale by the manufacturer for beverage purposes, or under such circumstances as would indicate that the manufacturer knew or had reason to believe that the product sold would be used for beverage purposes, will render the manufacturer liable for special and commodity taxes and penalties.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.7 *Formulas and samples.* Manufacturers must submit their formulas and samples of their products to the Commissioner for examination to verify the claim of the manufacturer as to his exemption from tax when requested to do so, or when the manufacturer is in doubt as to the classification of his product.*

§ 190.8 *Change of formula.* If the Commissioner shall find at any time that any product manufactured under this article as an unfit product exempt from tax is being used for beverage purposes, or for mixing with beverage liquors other than by a rectifier, he shall notify the manufacturer to desist the manufacturing thereof until the formula is so changed as to render the product not susceptible of beverage use and such change is approved by the Commissioner: *Provided,* That the provisions hereof shall not be so construed as to prohibit the use of such unfit products in small quantities for flavoring drinks at the time of serving for immediate consumption. Where a formula is not so modified, pursuant to notice to desist, as to render the product unsusceptible of beverage use, the manufacturer must immediately qualify as a rectifier and pay the rectification tax.*

§ 190.9 *Prohibited manufacture or storage.* None of the products specified in § 190.5 may be manufactured or stored at a rectifying plant, unless they are to be used by the rectifier exclusively in the manufacture of taxable products. Nonalcoholic grenadine, or grenadine containing less than one-half of 1 per cent of alcohol by volume and sufficient sugar to render it wholly unfit for use for beverage purposes, or other such flavoring materials, may not be manufactured on the premises of a rectifier unless they are to be used by the rectifier in making his taxable products.*

Article VI—Alcoholic Preparations Fit for Beverage Purposes

§ 190.10 *Classed as rectified liquors.* United States Pharmacopoeia tincture of ginger is held to be a rectified liquor. Bitters, patent medicines, and similar alcoholic preparations which are fit for beverage purposes, although held out as having certain medicinal properties, are also classed as rectified liquors. Alcoholic preparations so classed must be manufactured in a rectifying plant and the 30-cent rectification tax must be paid thereon. Such preparations must be manufactured, tax-paid, bottled or packaged, stamped, recorded, and disposed of in accordance with the procedure prescribed herein for other rectified spirits or products. Sellers of such preparations must qualify as wholesale or retail liquor dealers, or both, according to the quantities which they desire to sell. (See Article XXII)* (Secs. 2800 (a) (5), 3250 (a), (b), 3254 (g), I.R.C.)

§ 190.11 *Exempt U. S. P. and N. F. preparations.* The United States Pharmacopoeia and National Formulary preparations listed in the second paragraph of Treasury Decision 4424 (26 CFR Part 171), which are used by physicians and pharmacists principally as vehicles, and which are capable of beverage use, may be made with alcohol and sold in good faith for legitimate nonbeverage purposes without incurring liability for rectification and special taxes for their manufacture and sale.*

Article VII—Location and Use

§ 190.12 *Restrictions.* Rectifying plants for the rectification of distilled spirits or wine may not be located on board of any vessel or boat, or within 600 feet in a direct line of a vinegar factory using the vaporizing process, or, except as hereinafter provided, within 600 feet in a direct line of a distillery.* (Secs. 2819, 2832, 2834, I.R.C.)

§ 190.13 *Within 600 feet of distillery.* The Commissioner may permit the carrying on of the business of rectifying spirits or wine at a distance of less than 600 feet in a direct line from a distillery when he is of the opinion that the revenue will not be endangered thereby.* (Secs. 2819, 2832, 3170, I.R.C.)

§ 190.14 *Special application, Form 1613.* A person desiring to establish a rectifying plant within 600 feet in a direct line from a distillery shall file special application for such privilege, on Form 1613, in quintuplicate, with the district supervisor. The application shall be duly sworn to and all of the information called for by the form shall be furnished.* (Secs. 2819, 2832, 3170, I.R.C.)

§ 190.15 *Plat.* The special application must be accompanied by a special plat, in triplicate, showing the relative location of the rectifying plant and the distillery premises, all buildings on such premises and the use thereof, the exact distance in feet and inches, in a direct line, between the two premises, all pipe lines, runways, streets, roads, driveways, and other connections between the two premises. Where a pipe line between the two premises traverses an intervening building, such building and its use shall be shown on the plat. The rectifying plant premises and the distillery premises, and such buildings as are required to be shown, shall be outlined in contrasting colors on the plat, which shall be prepared in conformity with Article XIV of these regulations. Where the information required above is shown on the regular plat of the rectifying plant premises, a copy of such plat may be filed with the special application in lieu of a separate plat.* (Secs. 2819, 2832, 3170, I.R.C.)

§ 190.16 *Action on special application.* The district supervisor and the Commissioner will take action on special applications, Form 1613, and accompanying plats, in accordance with the procedure prescribed in Articles XVII and XVIII.* (Secs. 2819, 2832, 3170, I.R.C.)

§ 190.17 *Changes requiring approval.* Where there is to be a change in the distance between a rectifying plant and a distillery located within 600 feet of each other, as a result of the extension or curtailment or other change of either premises, a new special application on Form 1613, in quintuplicate, and a new special plat, in triplicate, must be filed with the district supervisor by the proprietor of the premises which is to be extended or curtailed. Where a change occurs in the proprietorship of a rectifying plant or distillery located within 600 feet of each other, the new proprietor shall file with the district supervisor a new special application and a new special plat or a certificate, in triplicate, adopting the plat on file. Where such a change in the distance between the two premises occurs, the rectifier must file an amended notice on Form 27–B, in triplicate, and an amended plat of the rectifying plant premises, in triplicate, as provided in Article XV. Such new special applications and plats shall

be considered and disposed of in accordance with the procedure prescribed in Articles XVII and XVIII.* (Secs. 2819, 2832, 3170, I.R.C.)

§ 190.18 *Use of premises.* The premises of a rectifying plant shall be used exclusively for the business of rectification and the bottling of liquors, whether rectified or not.* (Sec. 2801 (e) (2), I.R.C.)

Article VIII—Construction

§ 190.19 *Buildings or rooms.* The rectifying plant must be so constructed and equipped as to be suitable for the rectification of spirits by the process or processes of rectification which the rectifier proposes to use. The room or building must be securely constructed of brick, stone, wood, concrete or other substantial material and must be completely separated from contiguous buildings or rooms by solid, unbroken partitions or floors of substantial construction. Such partitions shall extend from the ground to the roof, or from the floor to the ceiling if a room is used, and if the rectifying plant is under the same roof or in the same building in which is located an internal revenue bonded warehouse or a tax-paid bottling house, the two premises must not have means of communication with each other within the building, except by approved pipe lines as herein authorized: *Provided,* That where a rectifying plant has heretofore been established under the same roof or in the same building with an internal revenue bonded warehouse or a tax-paid bottling house with interior communication between the two premises it may continue to operate in such location if the revenue will not be jeopardized thereby. Where distilled water or tax-paid rectified spirits are to be transferred by pipe line to or from the rectifying plant in accordance with these regulations, necessary openings for the passage of the required pipe lines may be permitted in the walls or partitions; and necessary openings for the passage of approved water, steam, sewer, or similar lines may likewise be permitted in the walls or partitions.*

§ 190.20 *Means of ingress and egress.* The doors must lead into the yard connected with the rectifying plant or a public street: *Provided,* That where a room is used, the door may open into an elevator shaft, or a common passageway partitioned off from other businesses, leading either directly or through another elevator shaft or similar passageway to the street or yard. The partitions forming a common passageway shall be substantially constructed of solid materials or expanded metal or woven wire of not less than 9-gauge nor more than 2-inch mesh, and shall extend from the floor to the ceiling or roof, but doors may be permitted therein if they do not afford interior communication with an internal revenue bonded warehouse or tax-paid bottling house in the same building. Common passageways must be used exclusively as means of communication.* (Sec. 2801 (e) (2), I.R.C.)

§ 190.21 *Doors, windows, and other openings.* The doors, windows, and other openings in the room or building comprising the rectifying plant must be so arranged and constructed that they may be securely locked or fastened. No door, window, or other opening will be permitted in the walls or floors leading into another room or building which is not a part of the rectifying plant.*

§ 190.22 *Division of premises.* The division of the rectifying plant into departments as hereinafter required, shall be effected by securely constructed, solid partitions or by expanded metal or woven wire of not less than 9-gauge nor more than 2-inch mesh. The partitions in all instances shall extend from the floor to the ceiling or roof, or not less than 12 feet from the floor. There may be communicating doors or elevators between the various departments of the rectifying plant, but such departments shall not be separated from each other by intervening businesses. If more than one room is used for the same purpose, such rooms shall be given alphabetical designations, as "A," "B," "C," etc. A sign must be posted over the door to each room indicating its use.*

§ 190.23 *Receiving room.* A room must be provided for the storage of all alcohol, distilled spirits, or wines, received for rectification or for bottling, which room shall be used exclusively for such purpose and shall be designated "Receiving Room."*

§ 190.24 *Rectifying room.* A separate room designated "Rectifying Room" must be provided, wherein all operations in connection with the rectification, blending, bottling, etc., of spirits must be conducted. The rectifying room may be further divided as follows:

(a) *Quick-aging room.* Where a separate room is provided for the treatment of spirits in barrels and kegs for quick-aging purposes, such room shall be designated "Quick-aging Room."

(b) *Champagne room.* Where champagne or other sparkling wines are manufactured, a separate room designated "Champagne Room" must be provided therefor, unless the rectifying room is used exclusively for the manufacture of such liquors.

(c) *Wine bottling room.* Where it is impracticable to bottle wine and certain cordials and liqueurs from the prescribed locked bottling tanks, and it is necessary to bottle such products from the original package or from the container in which compounded, the rectifier must provide for such bottling a room to be designated "Wine Bottling Room." Such room shall be constructed of substantial, solid materials, and the doors and other openings must be so constructed that they may be securely locked or fastened from the inside, except the entrance door which must be so constructed that it may be securely locked from the outside of the room with a Government lock.*

§ 190.25 *Finished products room.* A room must be provided by the rectifier for the storage of spirits packaged by him: *Provided,* That if the rectifier conducts no bottling operations whatsoever and his entire production is transferred by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling, or if the rectifier maintains a contiguous wholesale liquor dealer room and removes all spirits thereto immediately upon tax-payment and completion of bottling, a finished products room need not be provided. Where a finished products room is provided, it shall be used exclusively for the purpose specified and shall be designated "Finished Products Room."*

§ 190.26 *Export storage room.* If the rectifier intends to bottle distilled spirits or wines, rectified or unrectified, for export, a separate room for the storage of such products exclusively must be provided and designated "Export Storage Room." The room must be constructed of substantial, solid materials: *Provided,* That the partitions separating such room from other parts of the rectifying plant may be constructed of expanded metal or woven wire of not less than 9-gauge nor more than 2-inch mesh, extending from the floor to the ceiling or roof. All windows, doors, or other openings must be so constructed that they may be securely locked or fastened from the inside, except the entrance door, which must be so constructed that it may be securely locked from the outside of the room with a Government seal lock.* (Sec. 3179 (b), I.R.C.)

§ 190.27 *Empty container storeroom.* If empty barrels, bottles, or other containers are stored within the rectifying plant, they must be segregated from filled containers. If a separate room is provided for such purpose, it will be designated "Empty Container Storeroom."*

§ 190.28 *Office facilities.* The rectifier shall provide and maintain on the rectifying plant premises suitable office facilities, including desk and file cabinet, for the use of Government officers. There shall also be provided a metal cabinet of adequate strength and size, suitably equipped for locking with a Government seal lock, for use in safeguarding the keys to Government locks, seals and other Government property, and stamps in the custody of Government officers. Such facilities shall be subject to approval by the district supervisor.*

Article IX—Sign

§ 190.29 *Posting of sign.* The rectifier shall place and keep conspicuously on the outside and at the front of the rectifying plant or over the front entrance thereto, where it can be plainly seen, a sign, exhibiting in plain and legible letters, painted in oil colors or gilded, not less than 3 inches in height and of a proper and proportionate width, the

name of the rectifier and the words, "Rectifier of Spirits," and "Plant No. ------," using the registry number assigned by the Commissioner.*

Article X—Equipment

§ 190.30 *Scales.* If the rectifier intends to draw rectified products into packages, he must provide suitable and accurate scales for weighing such packages. The beans or dials of such scales must indicate weight in half-pound graduations.* (Sec. 2861, I.R.C.)

§ 190.31 *Weighing tanks.* Where weighing tanks are used for gauging spirits, such tanks shall be constructed of metal and shall be stationary and of uniform dimensions from top to bottom, and each such tank shall be equipped with a suitable measuring device whereby the contents will be correctly indicated. Each weighing tank shall be mounted on accurate scales and shall have plainly and legibly painted thereon the words, "Weighing Tank," followed by its serial number and capacity in wine gallons. The beams or dials of the scales must indicate weight in one-pound graduations if the capacity of the weighing tanks is less than 10 tons and in five-pound graduations if the capacity of the weighing tanks is 10 tons or more.* (Sec. 2829, I.R.C.)

§ 190.32 *Test weights.* The rectifier shall provide a set of ten 50-pound cast-iron test weights, which shall be certified by the National Bureau of Standards or State departments of weights and measures, as conforming to Class "C" requirements of the National Bureau of Standards. If the rectifier has provided such test weights at a distillery, internal revenue bonded warehouse, industrial alcohol plant or bonded warehouse, or bonded winery, operated by him on contiguous premises, he need not provide a separate set of weights for the rectifying plant. If the rectifier receives and fills only small packages, he may provide only such number of test weights as will exceed the maximum weight of any such package. All test weights shall be placed under the control and in the custody of the storekeeper-gauger in charge, who shall keep them under Government lock when not in use.*

§ 190.33 *Storage tanks.* If distilled spirits are received in tank cars, suitable storage tanks must be provided in the receiving room, within which to store such spirits, unless the spirits are transferred directly to processing or bottling tanks in accordance with § 190.170. Each storage tank shall be constructed of metal and be of uniform dimensions from top to bottom. Each such tank shall be equipped with a suitable measuring device, or mounted on scales, whereby the actual contents will be correctly indicated. There shall be painted on each tank the words, "Storage Tank," followed by its serial number and capacity in wine gallons. A suitable board shall be provided on each storage tank for the attachment of Forms 1520 and 1440, as hereinafter provided. Manheads, inlets, and outlets of the tanks must be provided with facilities for locking with Government locks. Stopcocks must be provided and so arranged as to control completely the flow of spirits, both into and out of the tank. The construction of the valves must be such that they can be secured with Government locks. The pipe connections containing such stopcocks or valves must be brazed, welded, or otherwise secured, to the tanks in such a manner that they cannot be detached or altered without showing evidence of tampering. Storage tanks must not be permanently connected with pipe lines used for the conveyance of air, distilled water, or other substances than spirits.* (Sec. 2829, I.R.C.)

§ 190.34 *Dumping and reducing tanks.* If dumping and reducing tanks are provided, the same shall be located in the rectifying room and shall be equipped with a suitable measuring device whereby the actual contents will be correctly indicated. Each such tank shall have plainly and legibly painted thereon the words, "Dumping and Reducing Tank," followed by its serial number and capacity in wine gallons.* (Sec. 2829, I.R.C.)

§ 190.35 *Processing tanks.* The rectifier shall provide a sufficient number of processing tanks, which shall be located in the rectifying room. Processing tanks shall be equipped with a suitable measuring device whereby the actual contents will be correctly indicated. Each such tank shall have plainly and legibly painted thereon the words, "Processing Tank," followed by its serial number and capacity in wine gallons. Tanks used for blending, compounding, quick-aging, percolating, etc., will be considered processing tanks and must be so marked.* (Sec. 2829, I.R.C.)

§ 190.36 *Processing receptacles.* Where barrels or other similar containers are used for rectifying, each such receptacle shall be marked with the words, "Processing Receptacle," followed by its serial number and capacity in wine gallons. Such receptacles must be so constructed and located that the contents thereof may be readily determined by Government officers. Open bowls, similar to crocks and jars used for macerating, in which spirits are held for a short time during the process of mixing, must be designated "Processing Receptacle," and be located in the rectifying room.*

§ 190.37 *Receiving tanks.* Where rectified products are produced by redistillation, such as gin and cordials, or where spirits are redistilled, the rectifier must provide a requisite number of receiving tanks. Each such tank shall be constructed of metal and shall be of uniform dimensions from top to bottom and equipped with a suitable measuring device whereby the contents will be correctly indicated. Manheads, inlets, and outlets of such tanks must be provided with facilities for locking with Government locks where spirits are purified or refined. Each such tank shall have plainly and legibly painted thereon words indicating its use, as "Gin Receiving Tank," "Cordial Receiving Tank," etc., followed by its serial number and capacity in wine gallons. Receiving tanks must be located in the rectifying room.* (Sec. 2829, I.R.C.)

§ 190.38 *Quick-aging packages.* Where spirits are treated in barrels or kegs for quick-aging or other purposes, each such package shall be marked "Quick-aging Package," followed by its serial number and capacity in wine gallons. Quick-aging packages must be located in the rectifying room or in the quick-aging room, if one has been provided.*

§ 190.39 *Bottling tanks.* Where spirits are bottled at the rectifying plant, the rectifier shall provide in the rectifying room, or bottling room if one is provided, one or more bottling tanks securely constructed of metal, and such tanks shall be of uniform dimensions from top to bottom. Each bottling tank shall be mounted on scales, or equipped with a suitable measuring device whereby the contents will be accurately and precisely indicated, and shall have plainly and legibly painted thereon the words, "Bottling Tank," followed by its serial number and capacity in wine gallons. A suitable board shall be provided on each bottling tank for the attachment of Forms 237 and 230, as hereinafter provided. Each bottling tank must be closed and any necessary openings therein affording access to the interior or to the contents, must be provided with a cover which will be secured by a Government lock. Stopcocks must be provided and so arranged as to completely control the flow of spirits both into and out of the bottling tank, and so constructed that they may be locked with a Government lock. The pipe connections containing such stopcocks or valves must be brazed, welded, or otherwise secured to the tank in such a manner that they cannot be detached or altered without showing evidence of tampering, and the outlet pipe connection shall be equipped with a check valve. The pipe line connecting the bottling tanks with the bottling machine must conform to the requirements of section 190.45. Bottling tanks must not be permanently connected with pipe lines used for conveyance of air, distilled water, or other substances than spirits. Bottling tanks shall be accurately and precisely calibrated.* (Sec. 2829, I.R.C.)

§ 190.40 *Special bottling tanks.* Where highly aromatic liquors, such as anisette and creme de menthe, are produced and bottled, and a special bottling tank is necessary for the bottling thereof, the rectifier may provide in the rectifying room or bottling room one or more small bottling tanks suitable for such purpose. Such special bottling tanks must be constructed, arranged, and secured as provided by the preceding section in the case of regular bottling tanks, and each special bottling tank shall have plainly and

legibly painted thereon the words, "Special Bottling Tank," followed by its serial number and capacity in wine gallons.* (Sec. 2829, I.R.C.)

§ 190.41 *Gravity tanks.* The rectifier may, if necessary, install a small gravity tank between the bottling tanks and bottling machine, for the purpose of maintaining a constant head pressure or to afford a gravity flow to the bottling machine. Such tank must be so arranged that it can be filled only through the bottling tanks and the same must be connected with the bottling tanks and the bottling machine as provided in § 190.45. The capacity of the gravity tank shall be no larger than necessary and the manhead shall be equipped for locking with a Government lock. Gravity tanks must be equipped with a suitable measuring device whereby the contents will be correctly indicated, and each such tank shall have plainly and legibly marked thereon the words, "Gravity Tank," followed by its serial number and capacity in wine gallons.* (Sec. 2829, I.R.C.)

§ 190.42 *Stills.* All stills in the rectifying plant shall be located in the rectifying room and shall be of substantial construction and must have a clear space of not less than 1 foot around them. Every still must have plainly and legibly painted thereon words indicating its use, or uses, as "Gin Still," "Cordial Still," "Water Still," etc., followed by its serial number and capacity in wine gallons. Stills shall be connected with the receiving tanks by continuous, permanent metal pipe lines. If the gin still is equipped with a pipe line to by-pass the berry basket, such pipe line must be equipped with a valve for locking with a Government lock, and if the still is equipped with a reflux line, such reflux line must be installed between the still and the first condenser.*

§ 190.43 *Other rectifying equipment.* Other rectifying equipment shall be located, in the rectifying room and where practicable, shall be appropriately marked. Tanks used for more than one purpose shall be marked accordingly, as "Weighing and Storage Tank," but processing tanks used for the rectification of spirits may not be used in connection with the bottling of spirits without rectification.*

§ 190.44 *Distilled water storage tanks.* If the rectifier produces distilled water, or receives the same by pipe line from contiguous establishments operated under internal revenue laws and regulations, distilled water storage tanks shall be provided and so located that their contents may be readily inspected by Government officers. Each such tank shall be equipped with a suitable measuring device whereby the actual contents will be indicated, and shall have plainly and legibly marked thereon the words, "Distilled Water Storage Tank," followed by its serial number and capacity in wine gallons. Where distilled water is to be conveyed by pipe line to contiguous establishments operated under the internal revenue laws and regulations, the storage tanks from which the distilled water is to be conveyed must be so constructed that any necessary openings therein may be closed and secured with a Government lock. The pipe line must be constructed of metal and exposed to view as provided in § 190.45 (c). Barrels or other wooden containers in which distilled spirits were previously packaged may not be used for the removal of distilled water.* (Sec. 2829, I.R.C.)

§ 190.45 *Pipe lines*—(a) *Connecting bottling tanks and bottling machine.* The bottling tanks shall be connected with the bottling machine by a fixed, metal pipe line exposed to view throughout its entire length: *Provided,* That where it is impracticable to connect the bottling tanks and the bottling machine with a fixed, metal pipe line by reason of the bottling tank being mounted on scales, the location of filters or a gravity tank between the bottling tanks and the bottling machine, the type of bottling machine used, the use of a manifold system at large plants with a number of bottling tanks and bottling machines, or other valid reason, short, detachable hose connections may be used at such points if the inlet of the bottling machine is equipped with a valve for locking with a Government lock. Where such detachable hose connections are used and it is desired to bottle spirits in the absence of the storekeeper-gauger either during or after regular business hours, the connections shall be enclosed within a secure wire cage or room equipped for locking with a Government lock, or, if preferred, the ends of each such connection may be securely sealed to the inlet or outlet of the tank and to the pipe line or the inlet of the bottling machine, as the case may be.

(b) *To contiguous tax-paid bottling house or rectifying plant.* Pipe lines used for the conveyance of rectified spirits to a contiguous tax-paid bottling house or rectifying plant for bottling, as provided in Article XXXII, shall be of a fixed and permanent character, constructed of metal and so arranged as to be exposed to view throughout their entire lengths, and all connections, valves, flanges, unions, etc., shall be brazed, welded, or otherwise secured. A separate and permanent pipe line must be installed to connect the bottling tank in the rectifying plant with the bottling tank in the contiguous tax-paid bottling house or rectifying plant, from and to which spirits are to be transferred, and each such pipe line must be equipped with a valve, in the transferring rectifying plant, capable of being locked with a Government lock: *Provided,* That where spirits are to be conveyed from two or more bottling tanks in the rectifying plant or to two or more bottling tanks in the contiguous tax-paid bottling house or rectifying plant, the pipe line may be connected with the bottling tanks by manifold connections so arranged as to control the flow of spirits from or into each tank. There shall be painted on each pipe line extending from the manifold to the bottling tanks a number corresponding with the serial number of the bottling tank with which the pipe line is connected, unless the arrangement of the pipe line is such that the identity of the tank with which it is connected is apparent. Where the bottling tank is mounted on scales, the pipe line may be connected therewith by means of short, detachable hose connections if the end of the pipe line is equipped with a valve which may be locked with a Government lock.

(c) *Distilled water.* The pipe line used for the conveyance of distilled water to contiguous establishments operated under the internal revenue laws and regulations must be an independent one, without any connection with any other pipe, tank, vessel, or utensil on the rectifying plant premises, except the distilled water storage tank: *Provided,* That where distilled water is to be so conveyed from two or more distilled water storage tanks, the pipe line may be connected with such tanks by permanent manifold connections. The pipe line must be constructed of metal and so arranged as to be exposed to view throughout its entire length. The valves, flanges, and other connections in such pipe line on the rectifying plant premises must be brazed, welded, or otherwise secured, in such a manner that the pipe line and its connections cannot be detached or altered without showing evidence of tampering. Where distilled water is produced in the rectifying plant, the distilled water storage tank must be connected with the water still by a continuous, fixed, metal pipe line.

(d) *Colors for pipe lines.* The metal pipe lines in the rectifying plant used for conveying the following substances shall be kept painted in the colors indicated:

Black	Whisky, gin, rum, brandy, and alcohol.
Blue	Vapor, high wines, or low wines or heads and tails.
Brown	Residue from stills.
White	Water.
Aluminum	Steam.
Orange	Air.
Purple	Refrigerants.

These colors are intended for such pipe lines only and are prescribed for the purpose of distinguishing such pipe lines from each other and from all other pipe lines on the premises which are painted but for which colors are not prescribed. The painting in one of the prescribed colors or a color similar thereto, of a pipe line for which a color is not prescribed, is prohibited. Pipe lines for which colors are not prescribed may be painted in sections of not more than 3 feet in contrasting colors.

(e) *Preparation for sealing.* Where flanges, unions, valves and other detachable connections in pipe lines are not secured by welding or brazing, and are not to be secured by Government locks, they

must be prepared by the rectifier for sealing with "cap" seals. Flanges, unions, and valves will be prepared for sealing in accordance with the following instructions:

(1) *Sealing flanges.* Flanges may be prepared for sealing by one of the following methods:

(i) By applying a "castle" nut with a hole drilled through the bolt so that the sealing wire may be passed through like a cotter pin, two such nuts being applied to each flange, opposite each other, unless the flange is secured with an uneven number of bolts, in which case three such nuts will be applied at approximately equal distances apart;

(ii) By drilling a small hole through both nut and bolt, two such bolts and nuts being drilled for each flange, opposite each other, unless the flange is secured with an uneven number of bolts, in which case three bolts and nuts will be so drilled at approximately equal distances apart; or

(iii) By drilling a hole through the corner of the head of the bolt and one through the corner of the nut so the two will be sealed together, two such bolts and nuts being drilled for each flange, opposite each other, unless the flange is secured with an uneven number of bolts, in which case three bolts and nuts will be so drilled at approximately equal distances apart.

(2) *Sealing unions.* Unions will be prepared for sealing by enclosing the same in a metal box with holes for the sealing wire.

(3) *Sealing valves.* Small gate and globe valves may be prepared for sealing by enclosing the packing nut and hood with a metal band or strap drawn tightly around the valve and fitted for reception of the sealing wire, or by drilling a hole in the packing nut so that the sealing wire may be passed through and drawn around the pipe and sealed. Where valves have large flanges, such flanges may be sealed in the same manner as other flanges.* (Sec. 2829, I.R.C.)

§ 190.46 *Details of construction and equipment*—(a) *General.* Where details of construction and equipment are not covered by these regulations, such construction and equipment must afford the same degree of security and protection to the spirits in the rectifying plant as is intended by the construction and equipment specifications herein prescribed. The Commissioner may approve details of construction and equipment in lieu of those specified herein where it is shown that it is impracticable to conform to the prescribed specifications, and the proposed construction and equipment will afford as much security and protection as the construction and equipment prescribed. Where it is proposed to substitute construction and equipment for that for which specifications are prescribed, or where any doubt prevails in regard to the security and protection which will be afforded by construction and equipment not covered by these regulations, approval of the Commissioner should be first obtained.

(b) *Plants heretofore established.* Rectifying plants heretofore established may continue to operate unless the present construction and equipment do not afford adequate security and protection to the revenue. The Commissioner or district supervisor may at any time require the proprietor to make changes in construction and equipment conforming to the provisions of these regulations, if deemed necessary to safeguard the revenue or to permit more economical and efficient supervision by Government officers. All rectifying plants hereafter established, and changes in existing rectifying plants, must be in conformity with these regulations.* (Sec. 2829, I.R.C.)

Article XI—Federal Alcohol Administration Act Permit

§ 190.47 *Permit required.* Under the Federal Alcohol Administration Act and the regulations issued pursuant thereto, any person, except an agency of a State, or political subdivision thereof, or any officer or employee of any such agency, intending to engage in the business of rectifying distilled spirits and wines, is required to procure a permit therefor. (Sec. 3, 49 Stat., 978; 27 U.S.C. Sup. 203)

Article XII—Qualifying Documents

§ 190.48 *Notice, Form 27–B.* Every person intending to engage in the business of a rectifier must give notice of such intention on Form 27–B, "Notice by Rectifiers," in triplicate, to the district supervisor before engaging in the business. Except as provided in section 190.54 in the case of amended and supplemental notices, all of the information indicated by the lines of the form and the instructions printed thereon, and by these regulations, shall be furnished. Notices on Form 27–B must be signed in accordance with the instructions printed on the form and sworn to before an officer authorized to administer oaths. Such notices must be numbered serially commencing with number 1 and continuing in regular sequence for all notices thereafter filed, whether amended or supplemental. All data, written statements, affidavits, and other documents submitted in support of the notice shall be deemed to be a part thereof.* (Secs. 2812, 3170, I.R.C.)

§ 190.49 *Distance from distillery or vinegar plant.* If the rectifying plant premises are situated more than 600 feet in a direct line from any premises authorized to be used for distilling spirits, or from a vinegar factory using the vaporizing process, such fact shall be stated on Form 27–B. If the distance between the rectifying plant premises and the premises of a distillery is less than 600 feet in a direct line, there must be stated in the notice, Form 27–B, the name of the proprietor of the distillery, the exact distance in feet and inches between the rectifying plant and distillery, and whether the location of the rectifying plant within such distance of the distillery has been approved by the Commissioner. If such location of the rectifying plant has been approved by the Commissioner, the date of such approval shall be given. If the distance between the rectifying plant premises and a vinegar factory using the vaporizing process is less than 600 feet in a direct line, such fact shall be stated on the form, and also whether or not the vinegar factory was established and operated as such prior to March 1, 1879.* (Secs. 2812, 2819, 2834, 2835, I.R.C.)

§ 190.50 *Description of apparatus and equipment.* There must be described on Form 27–B, in the space provided therefor, all storage tanks, receiving tanks, processing tanks, bottling tanks, and stills, which shall be listed separately as to serial number and capacity in wine gallons. All other regular and permanent rectifying equipment, whether stationary or portable, must be described on Form 27–B.* (Sec. 2812, I.R.C.)

§ 190.51 *Description of rooms.* All rooms on the rectifying plant premises shall be accurately described on Form 27–B. The description shall include the designated name of the room, which shall be according to its use, such as receiving room, rectifying room, bottling room, and finished products room, the materials of which constructed, the dimensions thereof, the location of doors, windows and other openings and the manner in which they are secured and protected. The materials of which partitions are constructed, and the height thereof, must also be stated. If more than one room is used for the same purpose, the name shall include an alphabetical designation to distinguish them, as "Receiving Room A," "Receiving Room B," etc.* (Sec. 2812, I.R.C.)

§ 190.52 *Liquors to be used and produced.* The kinds of liquors proposed to be used in rectification, and the kinds of liquors proposed to be produced by such rectification, must be stated on Form 27–B.* (Sec. 2812, I.R.C.)

§ 190.53 *Capacity.* The estimated maximum quantity, in wine gallons and proof gallons, of spirits or wines which can be rectified in every 24 hours by the use of all the apparatus and equipment in the rectifying plant, and the estimated quantity, in wine gallons and proof gallons, of spirits and wines which will be rectified every 24 hours and the portion thereof for which exemption from the rectifying tax will be claimed, must be stated on Form 27–B.* (Sec. 2812, I.R.C.)

§190.54 *Amended and supplemental notices.* Amended and supplemental notices on Form 27–B may be executed in skeleton form, except as to the items amended or supplemented. All other items which are correctly set forth in prior notices, and in which there has been no change since the last preceding

notice, may be incorporated in the amended or supplemental notice by reference to the respective notice previously filed. Such incorporation by reference shall be made by entering for each such item, in the space provided therefor, the statement "No change since filing Form 27–B, Serial No. —" (the number being inserted), and the date of such form.* (Sec. 2812. I.R.C.)

§ 190.55 *Formulas and processes, Form 27–B Supplemental.* The rectifier must submit Form 27–B Supplemental, in quadruplicate, for each formula and process to be employed in the rectification of spirits or wines, which shall constitute a part of the notice, Form 27–B. The statement of formula and process shall be prepared in accordance with Article XXI.* (Sec. 2812, I.R.C.)

§ 190.56 *Corporate documents.* There must be submitted with, and made a part of, the original or initial notice on Form 27–B, given by a corporation to engage in the business of a rectifier, properly certified copies, in triplicate, of the following documents:

(a) Articles of incorporation and any amended articles of incorporation.

(b) Certificate of incorporation.

(c) Certificate authorizing corporation to operate in State where rectifying plant is located, if other than that in which incorporated.

(d) Extracts of minutes of meetings of stockholders, showing election of directors.

(e) By-laws.

(f) Extracts of the minutes of the meetings of the Board of Directors, showing the election of officers.

(g) Extracts of the minutes of meetings of the Board of Directors, authorizing certain officers or other persons to sign for the corporation.

(h) List of names and addresses of the officers and directors.

(i) List of stockholders, as provided in the following section.* (Sec. 2812, I.R.C.)

§ 190.57 *List of stockholders.* In the case of corporations and similar legal entities, there must be submitted with Form 27–B, at the commencement of business, and annually thereafter on May 1, a list of the names and addresses of all stockholders and other persons interested in the corporation or other legal entity and the amount and nature of the stock holding, or other interest of each, whether such interest appears in the name of the interested party or in the name of another for him: *Provided,* That where more than 100 persons are interested in the corporation or other legal entity as stockholders or otherwise, there need be furnished only the names and addresses and the amounts and nature of the stock holding or other interest of the 100 persons having the largest ownership or other interest in each of the respective classes of stock or other interest, except where more complete information shall be specifically required by the Commissioner: *And provided further,* That where there has been no change in the stockholders and other persons interested in the corporation or other legal entity, or in the extent of the stock holding or other interest of such persons, the rectifier may furnish on May 1 of each year, a certified statement, in triplicate, to that effect in lieu of the prescribed list. Where a corporation operates two or more rectifying plants or other plants situated in the same supervisory district, or wholly owns one or more subsidiaries operating rectifying plants or other plants so situated, and in connection with qualifying for the operation of one of such rectifying plants or other establishments files a list of stockholders and other persons interested, as prescribed herein, the filing of an additional list for each rectifying plant will not be required, provided that in lieu of such additional list there is submitted by such corporation a certificate, in triplicate, definitely identifying the corporation and plant with whose notice the list of stockholders and other persons interested is filed, and giving the date of the filing thereof.* (Sec. 2812, I.R.C.)

§ 190.58 *Affidavit.* In the case of a corporation, there must be submitted with each list of stockholders an affidavit, in triplicate, executed by an officer of the corporation authorized so to do, showing the number of shares of each class of stock or other evidence of ownership, such as voting trust certificates, authorized and outstanding, the par value thereof, and the voting rights of the respective owners or holders, and certifying to the correctness of the list of stockholders or the statement authorized to be furnished in lieu of such list. In the case of an individual owner, copartnership, or association, there must be submitted with Form 27–B, at the commencement of business, and annually thereafter on May 1, an affidavit, in triplicate, giving the name of every person interested or to be interested in the rectifying plant, whether such interest appears in the name of the interested party or in the name of another for him.* (Sec. 2812, I.R.C.)

§ 190.59 *Articles of copartnership or association.* In the case of a copartnership or association, a certified copy, in triplicate, of the articles of copartnership or association, if any, shall be submitted with and constitute a part of the notice, Form 27–B.* (Sec. 2812, I.R.C.)

§ 190.60 *Trade name certificate.* Where the rectifier is to do business under a firm or trade name, there must be submitted with and made a part of the notice, Form 27–B, certified copies, in triplicate, of the certificate or other document filed with or issued by State officials under the laws of the State to cover the transaction of business under such firm or trade name. If no such certificate or other document is required by the laws of the State to be filed with or issued by State officials to cover the transaction of business under a firm or trade name, the rectifier shall furnish a statement, in triplicate, to that effect.* (Sec. 2812, I.R.C.)

§ 190.61 *Power of attorney, Form 1534.* If the notice or other qualifying documents are signed by an attorney in fact for an individual, copartnership, association, or corporation, or by one of the members for a copartnership or association, or, in the case of a corporation, by an officer or other person not authorized to sign by the corporate documents described in § 190.56, such notice or other qualifying documents must be supported by a duly authenticated copy of the power of attorney conferring authority upon the person signing the document to execute the same. Such powers of attorney shall be executed on Form 1534, in triplicate, and submitted to the district supervisor.* (Sec. 2812, I.R.C.)

§ 190.62 *Execution of Power of attorney.* Where the principal giving the power of attorney is an individual, it must be executed by him in person, and not by an agent. In the case of a copartnership or association, powers of attorney authorizing one or more of the members, or another person, to execute documents on behalf of the copartnership or association must be executed by all of the members constituting the same. However, if one or more members less than the whole number constituting the copartnership or association have been delegated the authority to appoint agents or attorneys in fact, the power of attorney may be executed by such member or members, provided it is supported by a duly authenticated copy, in triplicate, of the document conferring authority upon the member or members to execute the same. Where, in the case of a corporation, powers of attorney are executed by an officer thereof, such documents must be supported by triplicate copies of the authorization of such officer so to do, certified by the secretary or assistant secretary of the corporation under the corporate seal, if any, to be true copies.* (Sec. 2812, I.R.C.)

§ 190.63 *Duration of power of attorney.* Powers of attorney authorizing the execution of documents on behalf of a person engaged in, or intending to engage in, the business of a rectifier shall continue in effect until written notice, in triplicate, of the revocation of such authority is received by the district supervisor, unless terminated by operation of law.* (Sec. 2812, I.R.C.)

§ 190.64 *Bond, Form 34.* Every person intending to commence the business of a rectifier shall, upon filing his notice of such intention, Form 27–B, and before proceeding with such business, execute a bond on Form 34, "Rectifier's Bond," in triplicate, in conformity with the provisions of Article XIII and file the same with the district supervisor.*

§ 190.65 *Penal sum.* The penal sum of the rectifier's bond, Form 34, shall be not less than the amount of internal revenue tax that the rectifier will be liable

to pay in a period of 30 days, but in no case shall the penal sum of the bond be less than $1,000 or greater than $100,000. Where the rectifier has not furnished bond in the maximum penal sum of $100,000 and the rectification tax, including tax under section 3030 (a), I.R.C., on the quantity of spirits and wines actually rectified during any period of 30 days, exceeds the penal sum of the bond on file, he must furnish immediately a new or additional bond in a sufficient penal sum, effective as of the beginning of such period. If an additional bond is furnished, it must be in accordance with section 190.90.*

§ 190.66 *Registry of stills, Form 26.* Every person having in his possession or custody, or under his control, any still or distilling apparatus set up must register the same with the supervisor for the district in which the still is located, on Form 26, "Registry of Stills," immediately it is set up. The Form 26 shall be executed, in triplicate, in accordance with the requirements of the columns, lines, and instructions on the form.* (Sec. 2810, I.R.C.)

§ 190.67 *Plat and plans.* Every person intending to engage in the business of a rectifier must submit to the district supervisor with his notice, Form 27–B, an accurate plat of the rectifying plant premises and accurate plans of the buildings, apparatus and equipment thereon, in triplicate, conforming to the requirements of Article XIV.*

§ 190.68 *Copies of permit.* Every person intending to engage in the business of a rectifier must present to the district supervisor for examination the original basic permit issued to him under the Federal Alcohol Administration Act and file with the district supervisor two photostatic copies of such permit. The photostatic copies of such permit shall be 8 by 10½ inches in size, and shall accompany the notice, Form 27–B.*

§ 190.69 *Additional information.* The Commissioner or the district supervisor may at any time, in his discretion, require the rectifier to furnish such additional information as he may deem necessary.*

§ 190.70 *Instruments and papers.* The terms, conditions, and instructions contained in instruments and papers required to be furnished by law or regulations are hereby made a part of these regulations as fully and to the same extent as if incorporated herein.*

Article XIII—Bonds and Consents of Surety

§ 190.71 *General requirements.* Every person required to file a bond or consent of surety under these regulations shall prepare and execute it on the prescribed form, in triplicate, in accordance with these regulations and the instructions printed on the form, and shall submit it to the district supervisor.*

§ 190.72 *Surety or security.* Bonds required by these regulations shall be given with surety or collateral security.* (Sec. 1, 28 Stat. 279, 6 U.S.C. 6; Sec. 1126, 44 Stat. 122, Sec. 7, 49 Stat. 22, 6 U.S.C. 15)

§ 190.73 *Corporate surety.* Bonds may be given with corporate surety authorized by the Secretary of the Treasury to become surety on Federal bonds, subject to the limitations prescribed by the Secretary in Treasury Department Form 356, Commissioner of Accounts and Deposits, Section of Surety Bonds, which is issued semiannually, and subject to such amendatory circulars as may be issued from time to time.* (Sec. 1, 28 Stat. 279, 6 U.S.C. 6; c. 109, 36 Stat. 241, 6 U.S.C. 8)

§ 190.74 *Two or more corporate sureties.* A bond executed by two or more corporate sureties shall be the joint and several liability of the principal and the sureties: *Provided,* That each corporate surety may limit its liability in terms upon the face of the bond in a definite, specified amount, which amount shall not exceed the limitations prescribed for such corporate surety by the Secretary, as set forth in Treasury Department Form 356. When the sureties so limit their liability, the aggregate of such limited liabilities must equal the required penal sum of the bond.* (Sec. 1, 28 Stat. 279, 6 U.S.C. 6; c. 109, 36 Stat. 241, 6 U.S.C. 8)

§ 190.75 *Powers of attorney.* Powers of attorney and other evidence of appointment of agents and officers to execute bonds on behalf of corporate sureties are required to be filed with, and passed upon by, the Commissioner of Accounts and Deposits, Section of Surety Bonds, Treasury Department. Such powers and other evidence of appointment need not be filed with, or submitted to, district supervisors.*

§ 190.76 *Individual sureties.* Bonds may be given with individual sureties, of which there must be not less than two, each of whom must qualify by executing Form 33, "Affidavit of Individual Surety on Bond," in triplicate. Individual sureties must be citizens of the United States and reside in the State in which the business of the principal is to be conducted. No person will be accepted as an individual surety in a State in which he is not authorized to become a surety.*

§ 190.77 *Ownership of real property.* Each individual surety must own unencumbered real property, in fee simple, the appraised value of which, over and above any exemptions from execution allowed by the laws of State, is equal to the penal sum of the bond. The amount of unencumbered real property which individual sureties are required to own must be located within the State where the business of the principal is to be conducted.*

§ 190.78 *Description of real property.* The real property must be described in the surety's affidavit, Form 33, with all of the formalities required in conveyances of real estate by the laws of the State in which it is situated.*

§ 190.79 *Execution of Form 33.* The surety's affidavit on Form 33 shall contain all of the information required by these regulations and the instructions printed on the form. The form shall be subscribed and sworn to before an officer duly authorized to administer oaths, and one copy thereof shall be attached to each copy of the bond to which it relates.*

§ 190.80 *Certificate of title.* There must be submitted with the surety's affidavit, Form 33, a certificate of title, in triplicate, showing that the surety has a fee simple title, free of encumbrances, to the realty described in the form.*

§ 190.81 *Appraisal.* There will also be submitted with Form 33 an appraisal, in triplicate, by two or more competent persons designated by the district supervisor for the purpose, showing separately the value of the land and buildings, and a full and clear statement of the method employed by them in determining their valuation. The appraisal shall be at the expense of the principal on the bond, unless it is made by Government officers.*

§ 190.82 *Investigation.* The district supervisor must cause an investigation to be made of all the facts stated in the surety's affidavit on Form 33 and supporting documents, and shall forward one copy of the report of such investigation to the Commissioner with the bond and accompanying Form 33.*

§ 190.83 *Requalification.* The Commissioner or district supervisor may at any time, in his discretion, require the requalification of individual sureties on Form 33.*

§ 190.84 *Interest in business.* The surety, whether individual or corporate, must have no interest whatever in the business covered by the bond.*

§ 190.85 *Deposit of collateral.* Bonds or notes of the United States, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States, may be pledged and deposited by principals as collateral security in lieu of individual or corporate sureties. District supervisors on receiving such bonds or notes, or other obligations, pledged and deposited by principals as collateral security in lieu of surety, shall deposit such securities in accordance with Department Circular No. 154, revised (31 CFR Part 225).* (Sec. 1126, 44 Stat. 122, Sec. 7, 49 Stat. 22; 6 U.S.C. 15)

§ 190.86 *Consents of surety.* Consents of surety to a change in the terms of a bond must be executed on Form 1533, "Consent of Surety to Change in Terms of Bond," in as many copies as are required of the bond which they affect, by the principal and all sureties with the same formality and proof of authority to execute as are required for the execution of bonds. Form 1533 will be used by obligors on collateral bonds as well as those on surety bonds. The Form 1533 must properly identify the bond affected thereby and state specifically and precisely what is covered by

the extended terms thereof. If the surety is a corporation, the consent may be executed by an agent or attorney in fact duly authorized so to do by power of attorney filed by the surety with the appropriate district supervisor through the office of the Commissioner, or the consent may be executed by the home office officials of such corporate surety; except that in cases where the saving of time is an element, the consent may be executed by an agent or attorney in fact where the home office officials, by specific direction, order its execution. A copy of such specific direction should be attached to each copy of the consent.*

§ 190.87 *Approval required.* No individual, firm, partnership, corporation, or association, intending to commence or to continue the business of a rectifier shall commence or continue such business until all bonds in respect of such business required by any provision of law have been approved.* (Sec. 2815 (c), I.R.C.)

§ 190.88 *Authority to approve.* District supervisors are authorized to approve all bonds and consents of surety covering the exportation, with benefit of drawback, of distilled spirits and wines bottled especially for that purpose. All other bonds and consents of surety filed by an individual, firm, partnership, corporation, or association, in respect to the business of a rectifier will be approved or disapproved by the Commissioner.* (Secs. 2815 (c), 3179 (b), I.R.C.)

§ 190.89 *Cause of disapproval.* Bonds or consents of surety submitted by any individual, firm, partnership, corporation, or association, in respect to the business of a rectifier may be disapproved if the individual, firm, partnership, corporation, or association, giving the same, or owning, controlling, or actively participating in the management of such business of the individual, firm, partnership, corporation, or association, giving the same, shall have been previously convicted in a court of competent jurisdiction of (1) any fraudulent noncompliance with any provision of any law of the United States, if such provision relates to internal revenue or customs taxation of distilled spirits, wines, or fermented malt liquors, or if such an offense shall have been compromised with the individual, firm, partnership, corporation, or association upon payment of penalties or otherwise; or (2) any felony under a law of any State, Territory, or the District of Columbia, or the United States, prohibiting the manufacture, sale, importation, or transportation of distilled spirits, wines, fermented malt liquor, or other intoxicating liquor. The rectifier's bond, Form 34, may also be disapproved if the situation of the rectifying plant is such as would enable the rectifier to defraud the United States.* (Sec. 2815 (d), I.R.C.)

§ 190.90 *Additional or strengthening bonds.* In all cases where the penal sum of the bond on file and in effect is not sufficient, computed as prescribed by law and regulations, the principal may give an additional or strengthening bond in a sufficient penal sum, provided the surety thereon is the same as on the bond already on file and in effect; otherwise a new bond covering the entire liability will be required. Such additional or strengthening bonds, being filed to increase the bond liability of the principal and the surety, are in no sense substitute bonds, and the district supervisor will refuse to approve, or recommend the approval of, any additional or strengthening bond where any notation is made thereon intended, or which may be construed, as a release of any former bond, or as limiting the amount of either bond to less than its full penal sum. Additional or strengthening bonds must show the current date of execution and the effective date in the blank spaces provided therefor. Such bonds must have marked thereon, by the obligors at the time of execution, "Additional Bond," or "Strengthening Bond."*

§ 190.91 *New bond.* A new bond may be required at any time in the discretion of the Commissioner or district supervisor. A new bond shall be required immediately in the case of the death or insolvency of an individual surety, or the insolvency of a corporate surety. Executors, administrators, assignees, receivers, trustees, or other persons acting in a fiduciary capacity, continuing or liquidating the business of the principal, must execute and file a new bond or obtain the consent of the surety or sureties on the existing bond or bonds. When, in the opinion of the Commissioner or the district supervisor, the interests of the Government demand it, or in any case where the security of the bond becomes impaired in whole or in part for any reason whatever, the principal will be required to give a new bond. Where a bond is found to be not acceptable, the principal shall be required to file immediately a new and satisfactory bond, or discontinue business forthwith.*

§ 190.92 *Superseding bond.* Where a new bond is submitted by the principal to supersede a bond or bonds then in effect, and such superseding bond has been approved, notice of termination of the superseded bond may be issued as provided in Article XIX. Superseding bonds must show the current date of execution and the date they are to be effective, and each such bond shall have marked thereon by the obligors at the time of execution, "Superseding Bond."*

Article XIV—Plats and Plans

§ 190.93 *Plat and plans required.* Every person intending to engage in the business of a rectifier must, as provided in section 190.67, file an accurate plat and accurate plans of the rectifying plant premises, apparatus, and equipment, in triplicate, with the district supervisor.*

§ 190.94 *Preparation.* Every plat and plan shall be drawn to scale and each sheet thereof shall bear a distinctive title, and the complete name and address of the proprietor, enabling ready identification. The cardinal points of the compass must appear on each sheet, except those of elevational plans. Each sheet of the original plat and plans shall be numbered, the first sheet being designated number 1 and other sheets numbered in consecutive order. Plats and plans shall be submitted on sheets of tracing cloth or sensitized linen. The dimensions of plats and plans shall be 15 by 20 inches, outside measurement, with a clear margin of at least one inch on each side of the drawing, lettering, and writing. Plats and plans may be original drawings, or reproductions made by the "ditto process," or by blue or brown line lithoprint, if such reproductions are clear and distinct.*

§ 190.95 *Depiction of rectifying plant premises.* Plats must show the outer boundaries of the rectifying plant premises in feet and inches, in a color contrasting with those used for other drawings on the plat, and must contain an accurate depiction of the building or buildings comprising the premises. The depiction of the premises should agree with the description in the notice, Form 27–B. If the premises are separated by a public highway, or railroad right of way, and the tracts of land comprising the premises, or parts thereof, abut on such highway, or right of way, directly opposite each other, the different tracts will be described separately in feet and inches, and outlined in a color contrasting with those used for other drawings on the plat. If two or more buildings are to be used, they must be shown in their relative positions, the designated name or use of each indicated, and all pipe lines or other connections, if any, between the same depicted. Where two or more buildings are used for the same purpose the name of each such building shall include an alphabetical designation, beginning with "A," and they shall be so shown on the plat. All first floor openings of each building on the premises will be shown on the plat. If the rectifying plant consists of a room or floor of a building, an outline of the building, the precise location and dimensions of the room or floor, and the means of ingress from and egress to a public street or yard shall be shown.*

§ 190.96 *Distillery within 600 feet.* Where a rectifying plant is to be established on premises at a distance of less than 600 feet in a direct line from a distillery, the plat must show the relative location of such premises, all pipe lines and other connections, if any, between them, and the distance, in feet and inches, that they are from each other in a direct line. The outlines of the two premises must be shown in contrasting colors.*

§ 190.97 *Contiguous premises.* Where a distillery, internal revenue bonded warehouse, tax-paid bottling house, or other premises on which liquors are manufactured, stored, or sold, are contiguous

to the rectifying plant premises, the plat must show the relative location of the rectifying plant and such contiguous premises, and all pipe lines, if any, and other connections between them. The outlines of such contiguous premises and the rectifying plant premises must also be shown in contrasting colors.*

§ 190.98 *Floor plans.* If one or more entire buildings are used, the plans shall include a floor plan of each floor of each building, showing the dimensions of the rooms and floors and the location of all doors, windows, and other openings, and their dimensions, and how such openings are protected. If a portion of a building is used, such as a room or floor, the floor plan thereof shall also show the means of ingress and egress to the street, and if there are adjoining rooms the use thereof shall be specified. All apparatus and equipment must be shown in their exact location on the floor plans and their designated use indicated. In the case of stills, tanks, and similar equipment, the serial number and capacity shall also be shown. The exact location of all fixed pipe lines and Government locks shall be shown.*

§ 190.99 *Elevational plans of equipment.* Vertical, sectional, or elevational plans of stills, bottling tanks, and storage tanks shall be submitted, and such plans shall clearly depict the construction of such equipment and all pipe lines and other connections thereof, and the location of valves, flanges (except as provided in section 190.102), Government locks, measuring devices, etc. The plans must be so drawn that all fixed pipe lines may be traced from beginning to end.*

§ 190.100 *Pipe lines to contiguous tax-paid bottling house or rectifying plant.* The plans shall show pipe lines used to transfer rectified spirits to a contiguous tax-paid bottling house or rectifying plant for bottling, the relative location of the rectifying plant and the contiguous tax-paid bottling house or rectifying plant, and the bottling tanks to which such pipe lines are connected.*

§ 190.101 *Pipe lines in colors.* The fixed pipe lines must be shown on the plans in the colors in which they are required to be painted, as follows:

Black	Whisky, gin, rum, brandy, and alcohol.
Blue	Vapor, high wines, low wines, and heads and tails.
Brown	Residue from stills.
White	Water.
Aluminum	Steam.
Orange	Air.
Purple	Refrigerants.

*

§ 190.102 *Location of valves, flanges, locks, etc.* All valves, flanges, and other connections in pipe lines must be properly indicated on the plans: *Provided,* That where flanges, unions, or other connections in pipe lines are brazed, welded, or otherwise permanently secured in such a manner as to constitute a continuous, single pipe line, the location of such flanges, unions, or other connections, and the manner of securing the same, need not be shown on the plans. The location of all Government locks required to secure the apparatus and equipment, and the doors of rooms, must be indicated on the plans by the symbol "GL" at the points where the locks are to be attached.*

§ 190.103 *Direction of flow.* The direction of the flow of spirits, vapor, etc., through pipe lines must be indicated on the plans by arrows.*

§ 190.104 *Pipe lines exempted.* Approved public or private utility service lines, such as sewers, electric or gas conduits or pipes, and approved sprinkler, refrigeration, or heating systems which have no connection with the equipment used for spirits, need not be shown on the plans, provided that the point of entry to the premises shall be indicated on the plans.*

§ 190.105 *Certificate of accuracy.* Every sheet of every plat and plan, whether original, supplemental or superseding, shall bear a certificate of accuracy, dated and signed by the draftsman, proprietor, and district supervisor. The certificate shall be placed in the lower right hand corner of each sheet and shall be in the following form:

____supervisory District, _____ 19____.
It is hereby certified that this is an accurate_____ sheet No. ____
(Original, supplemental or superseding)
of the _____ of Rectifying Plant
(Plat or plan)
No. ____, of _____
(Name of proprietor)
_____ _____
(Street and number) (City and State)
in this district.

(Draftsman)

(Proprietor)

(District Supervisor)
Date of district supervisor's approval.
_____ 19____.
(Date)

§ 190.106 *Supplemental, superseding, and additional plats and plans.* The sheets of superseding plats or plans shall bear the same numbers as the sheets superseded. The sheets of supplemental plats or plans shall bear the same numbers as the sheets supplemented, and will be further identified by letter designation, as 1–A, 5–B, etc. Additional sheets of plans, filed to cover extensions of the rectifying plant premises, will be given the next number in sequence to the last sheet of the plan on file. Additional sheets of plats, filed to cover extensions of the rectifying plant premises, will be given the same number as the last sheet of the plat on file, further identified by an additional number, as 1–1, 2–1, etc.*

Article XV—Requirements Governing Changes in Name, Proprietorship, Control, Location, Premises, and Equipment

§ 190.107 *General requirement.* Under the law, notice in writing must be given, in the form prescribed by the Commissioner, to the district supervisor in case of any change in the location, form, capacity, ownership, agency, superintendency, or in the persons interested in the business of the rectifying plant.* (Secs. 2812, 3170, I.R.C.)

§ 190.108 *Change in individual, firm, or corporate name.* Where there is a change in the individual, firm, or corporate name of the rectifier, he must comply with the following requirements:

(a) *Copies of amended permit.* Procure under the Federal Alcohol Administration Act an amended basic permit authorizing operation of the rectifying plant under the new name, and as provided in section 190.68 in the case of original permits, present to the district supervisor for examination the amended permit and file with the district supervisor two photostatic copies of such amended permit.

(b) *Notice, Form 27–B.* Submit to the district supervisor, with the required photostatic copies of the amended permit, notice on Form 27–B, in triplicate, covering the new name.

(c) *Amended articles of incorporation, etc.* In the case of a corporation, submit to the district supervisor certified copies, in triplicate, of the amended articles of incorporation and the amended certificate of incorporation issued under the laws of the State in which incorporated, covering the change in the corporate name. If the operations are conducted in a State other than the State in which incorporated, there must also be submitted to the district supervisor certified copies, in triplicate, of the amended certificate issued under the laws of the State in which the operations are conducted authorizing the corporation to operate under its new name in such State. If other documents than those specified are required under the laws of the State to effect a change in the name of the corporation, certified copies, in triplicate, of such documents must be submitted with the notice, Form 27–B, in lieu of those specified.

(d) *Amended articles of copartnership or association.* If the rectifier is a copartnership or association, submit to the district supervisor certified copies, in triplicate, of the amended articles of copartnership or association, if any.

(e) *Sign.* Change the rectifying plant sign to conform to the provisions of section 190.29.

(f) *Branding, labeling, etc.* Upon receipt of the district supervisor's authorization, as provided in section 190.134, the rectifier will mark, brand, and label, under such new name the spirits packaged or bottled thereunder, as provided in Article XLIII, unless the spirits are rectified under a trade name or style as provided in the said article.

(g) *Records.* Keep records and submit reports covering operations under the new name as provided in Article XLIII.

(h) *Special tax stamps.* File within 30 days of such change an additional return on Form 11 with the collector of internal revenue covering the new individual, firm, or corporate name. The special tax stamp or stamps must be forwarded to the collector for appropriate notation with respect to such change in name.* (Secs. 2812, 2857, 2861, 2831, 3270, 3170, I.R.C.)

§ 190.109 *Trade names*—(a) *New trade names.* Where the rectifying plant is to be operated under a trade name or style, or a number of trade names or styles, other than those previously approved, the rectifier must comply with the provisions of section 190.108 (a), (b), and (d), and in addition thereto, the following requirements:

(1) *Trade name certificate.* Submit to the district supervisor certified copies, in triplicate, of the certificate or other document filed with or issued by State officials under the laws of the State to cover the transaction of business under the new trade name or style, or statement in lieu thereof, conforming to the provisions of section 190.60.

(2) *Amended articles of incorporation, etc.* In the case of a corporation, submit to the district supervisor certified copies, in triplicate, of amended articles of incorporation and of certificates issued under the laws of the State in which incorporated, and of the State in which the business is operated if different from the State in which incorporated, authorizing the corporation to do business under such trade name or style. If other documents than those specified are required under the laws of the State to effect a change in the trade name of the corporation, certified copies, in triplicate, of such documents must be submitted with the notice, Form 27–B, in lieu of those specified.

(3) *Sign.* Change the rectifying plant sign to conform to the provisions of § 190.29, unless operation under the trade name is to be temporary, in which event it will not be necessary to change such sign.

(4) *Branding, marking, and labeling.* Brand, mark, and label under each trade name the spirits packaged or bottled thereunder, as provided in Article XLIII.

(5) *Records.* Make appropriate entries in the rectifying plant records covering operations under each trade name, as provided in Article XLIII.

(6) *Special tax stamps.* File within 30 days of such change an additional return on Form 11 with the collector showing the new trade name or style. The special tax stamp or stamps must be forwarded to the collector for appropriate notation with respect to such change in trade name or style.

(7) *Period of operation.* Where the rectifying plant is operated under more than one trade name or style, the operation under each must be in multiples of twenty-four hours.

(b) *Approved trade names.* Where a trade name or style has been approved by the Commissioner and the rectifier thereafter desires again to operate under such approved trade name or style, he must comply with the provisions of paragraph (a) (3), (4), (5), and (7) of this section, and, in addition thereto, the following requirements:

(1) *Notice, Form 27–B.* Each time operations are to be conducted under a trade name or style previously approved by the Commissioner, submit to the district supervisor notice on Form 27–B, in triplicate, prior to the time the change is to be made. In such cases operations may be commenced under the specified trade name or style upon receipt of the district supervisor's authorization, as provided in section 190.134.* (Secs. 2812, 2857, 2861, 2831, 3270, 3170, I.R.C.)

§ 190.110 *Change in proprietorship*—(a) *Suspension.* Where there is to be a change in the proprietorship of the rectifying plant, the outgoing rectifier must, preparatory to transfer of the business to the successor, comply with the following requirements:

(1) *Notice, Form 27–B.* If the outgoing rectifier is to discontinue permanently the business of rectifying, file with the district supervisor Form 27–B, in triplicate, stating thereon the purpose to be "Permanent discontinuance of business," and giving the date of the discontinuance. If the outgoing rectifier is to temporarily discontinue the business of rectifying during operation of the rectifying plant by the successor, the statement of the purpose on the notice shall conform to the provisions of § 190.118.

(2) *Registry of stills.* Register the stills "Not for use" on Form 26, in triplicate, in accordance with section 190.66.

(3) *Spirits.* Complete the rectification of spirits in process and taxpay the same, draw off, mark, brand, and stamp (where required) all rectified and unrectified spirits in the rectifying room, and remove all spirits from the rectifying plant and dispose of the same to a person authorized to receive them, unless they are transferred to the successor in accordance with Article XLIV.

(4) *Records.* Make appropriate entries in the rectifying plant records and submit reports in accordance with the provisions of Article XLIV.

(b) *Qualification of successor.* Where there is a change in proprietorship, and the successor intends to continue the operation of the premises as a rectifying plant, he must comply with the following requirements:

(1) *Lessee.* If the successor is a lessee, he must qualify in the same manner as the proprietor of a new rectifying plant, regardless of the temporary nature of the tenancy, except that he may adopt the plat and plans of his predecessor as provided in subparagraph (5). The lessee must also file with the district supervisor certified copies, in triplicate, of the lease.

(2) *Other nonfiduciary successor.* If the change in proprietorship is brought about by any other means, except by the appointment of an administrator, executor, receiver, trustee, assignee, or other fiduciary, the successor must likewise qualify in the same manner as the proprietor of a new rectifying plant, except that he may adopt the plat and plans of his predecessor as provided in subparagraph (5).

(3) *Fiduciary.* If the successor is an administrator, executor, receiver, trustee, assignee, or other fiduciary, and intends to receive spirits, or to possess, rectify, or dispose of spirits on hand in the rectifying plant, he must comply with the provisions of Articles VII, XI and XII, to the extent that such provisions are applicable, except that in lieu of filing a new bond and a new plat and plans, the fiduciary may furnish a consent of surety extending the terms of his predecessor's bond and adopt the plat and plans of such predecessor in accordance with subparagraphs (4) and (5). The fiduciary must also furnish certified copies, in triplicate, of the order of the court or other pertinent documents showing his qualification as such fiduciary. The effective date of the qualifying documents filed by a fiduciary must be the same as the date of the court order or the date specified therein for him to assume control.

(4) *Consent of surety.* The consent of surety extending the terms of the predecessor's bond to cover operation of the rectifying plant by a fiduciary must conform to the requirements of § 190.86 and be executed by both the fiduciary and the surety.

(5) *Adoption of plat and plans.* The plat and plans of the rectifying plant may be adopted by a successor where they correctly describe and depict the rectifying plant premises and the buildings, apparatus, and equipment thereon, to be taken over by the successor. The adoption by a successor of the plat and plans of his predecessor shall be in the form of a certificate, in triplicate, in which shall be set forth the name of the predecessor, the address and number of the rectifying plant, a description of the rectifying plant premises, the number of each sheet comprising each plat and plan covered by such certificate, and a statement that the rectifying plant premises, and the buildings, apparatus, and equipment thereon, are correctly described and depicted on such plat and plans.

(6) *Sign.* The successor, if other than a fiduciary temporarily operating the rectifying plant, must change the rectifying plant sign to conform to the requirements of § 190.29.

(7) *Special tax stamps.* The successor, if other than a fiduciary, must procure the required special tax stamps in accordance with Article XXII. A fidu-

ciary successor must submit Form 11 to the collector within 30 days from the date when operations are commenced by him. The special tax stamp or stamps should be submitted by the fiduciary to the collector for appropriate notation as to their transfer. Failure to file Form 11 will result in the rectifier incurring an additional special tax liability, computed from the first day of the calendar month in which operations were commenced.

(8) *Spirits and wines.* If spirits and wines are received by transfer from the predecessor, the successor must comply with the requirements of Article XLIV.* (Secs. 2812, 2857, 2861, 2810, 2831, 3271, 3170, I.R.C.)

§ 190.111 *Changes in partnership.* The withdrawal of one or more members of a partnership or the taking in of a new partner, whether active or silent, shall constitute a change in proprietorship. Likewise, the bankruptcy or adjudicated insolvency of one or more of the partners results in a dissolution of the partnership and, consequently, a change in proprietorship. Where such a change in proprietorship of the rectifying plant occurs, the successor must qualify in the same manner as a new proprietor of the rectifying plant, except that the successor may adopt the plat and plans of the predecessor, in the manner prescribed by section 190.110 (b) (5).*

§ 190.112 *Changes in stockholders, officers, and directors of corporation.* The sale or transfer of the capital stock of a corporation operating a rectifying plant does not constitute a change in the proprietorship of the rectifying plant. However, where the sale or transfer of capital stock results in a change in the control or management of the business, or where there is a change in the officers or directors, the rectifier must give notice thereof, in triplicate, to the district supervisor within 24 hours after such change. Mere changes in stockholders of corporations not constituting a change in control need not be so reported. The district supervisor must, in the case of changes in officers or directors, be furnished extracts, in triplicate, of the minutes of the meetings showing such changes.* (Sec. 2812, I.R.C.)

§ 190.113 *Reincorporation.* Where a corporation operating a rectifying plant is reorganized and a new charter or certificate of corporation is secured, the new corporation must qualify in the same manner as a new proprietor of the rectifying plant, except that the new corporation may adopt the plat and plans of the predecessor, in the manner prescribed by § 190.110 (b) (5).*

§ 190.114 *Change in location.* Where there is a change in the location of the rectifying plant, the rectifier must comply with all applicable provisions of Articles VII to XII, inclusive, except that in lieu of the filing of a new rectifier's bond, Form 34, the rectifier may furnish a consent of surety, Form 1533, in accordance with § 190.86, extending the terms of the rectifier's bond given for the former location to cover operation of the rectifying plant at the new location. The rectifier must submit, within 30 days from the date of commencing business at the new location, Form 11 to the collector for the district, and the special tax stamp or stamps must be forwarded to such collector for appropriate notation of the change of location. Failure to so file Form 11 will result in the rectifier incurring additional special tax liability, computed from the first day of the calendar month in which operations were commenced at the new location.* (Secs. 2812, 3280, I.R.C.)

§ 190.115 *Changes in premises.* Where the rectifying plant premises are to be extended or curtailed, the rectifier must file with the district supervisor an amended notice, Form 27–B, and an amended plat of the premises as extended or curtailed. If the plans are affected by the extension or curtailment, they must also be amended. If the rectifying plant is within 600 feet of a distillery, the rectifier must also file a special application, Form 1613, and plat, in accordance with Article VII. The additional premises covered by an extension may not be used for rectifying purposes, and the portion of the premises to be excluded by a curtailment may not be used for other than rectifying purposes, prior to approval of the notice, Form 27–B.* (Secs. 2812, 2801 (e) (2), 3170, I.R.C.)

§ 190.116 *Changes in construction and use.* Where a change is to be made in the construction of a room or building not involving an extension or curtailment of the rectifying plant premises, or where a change is to be made in the use of any portion of such premises, the rectifier must file an amended notice, Form 27–B, and amended plans.* (Sec. 2812, I.R.C.)

§ 190.117 *Changes in equipment.* Where changes are to be made in the apparatus and equipment, the rectifier must file an amended notice and amended plans, except that in the case of minor changes, such as general repairs, changes in pipe lines, or the addition or removal of a tank, an amended notice and amended plans need not be filed immediately: *Provided,* That the Commissioner or district supervisor may at any time, in his discretion, require the filing of an amended notice and amended plans covering such minor changes. Where an amended notice and amended plans are not filed immediately upon completion of minor changes in equipment, the rectifier must promptly give the district supervisor written notice thereof, in duplicate, and include such changes in the next amended notice and plans filed by him. Where changes are to be made in storage tanks or in bottling tanks or in pipe lines leading from bottling tanks, the rectifier must, prior to making the changes, secure approval thereof from the district supervisor, pursuant to application, in triplicate, setting forth specifically the proposed changes.* (Secs. 2812, 2829, I.R.C.)

Article XVI—Requirements Governing Operation of Rectifying Plant Under Alternating Proprietorships

§ 190.118 *Qualification.* Where it is desired to operate a rectifying plant under alternating proprietorships, the outgoing (lessor) rectifier must discontinue operations and the successor (lessee) must qualify as proprietor of the rectifying plant in accordance with the provisions of § 190.110 (a) and (b), respectively, except that the outgoing rectifier will state the purpose of his notice to be "Temporary discontinuance during operation of rectifying plant by _____ (Successor)_____." Thereafter, whenever the proprietorship is to be alternated, the outgoing rectifier must discontinue operations as provided herein, and the successor must comply with the following requirements:

(a) *Amended notice, Form 27–B.* File with the district supervisor amended notice on Form 27–B, in triplicate, properly describing the rectifying plant premises, stating therein the purpose to be "Resumption of operations following discontinuance by _____ (Predecessor)" and giving the date of the discontinuance.

(b) *Adoption of plat and plans.* File with the district supervisor a certificate, in triplicate, conforming to the provisions of § 190.110 (b) (5), adopting the plat and plans of the rectifying plant, or submit new plat and plans.

(c) *Registry of stills.* Register the stills, "For use" or "Not for use," as the case may be, on Form 26, in triplicate, in accordance with § 190.66.

(d) *Bond or consent of surety.* File a new rectifier's bond, Form 34, or a consent of surety, Form 1533, in triplicate, to continue in effect the rectifier's bond in force at the time operations were previously suspended by the principal: *Provided,* That in lieu of filing a separate consent of surety each time operation of the rectifying plant is resumed by the principal after suspension of operations by his predecessor, such principal may file a blanket consent of surety to cover all alternate operations by him. Such blanket consent of surety may be executed in the following form:

To continue in effect the said bond whenever operation of the rectifying plant is resumed from time to time, pursuant to notice on Form 27–B filed by the principal, following suspension of operations by _____ (Predecessor) _____ (or, if more than one, by _____, _____, or _____, as the case may be).

(e) *Sign.* Change the rectifying plant sign to conform to the provisions of § 190.29.

(f) *Spirits and wines.* If spirits and wines are received by transfer from the

predecessor, comply with the requirements of Article XLIV.* (Secs. 2812, 2857, 2861, 2810, 2831, 3271, 3170, I.R.C.)

Article XVII—Action by District Supervisor

Original Establishment

§ 190.119 *Special application, Form 1613.* Where a special application, Form 1613, for permission to operate a rectifying plant within 600 feet of a distillery is submited by the rectifier, together with the required plat, and such special application and plat conform to the requirements of these regulations, the district supervisor will cause an inspection to be made to determine whether the proposed operation of the rectifying plant within 600 feet of the distillery may be permitted without jeopardy to the revenue. The inspector will ascertain whether the application and plat actually depict the relative location of the two premises and all pipe lines and other connections, if any, between such premises, and all streets, roads, and driveways connecting the two premises. The inspector will also, in the course of his inspection, observe the surroundings and any conditions which might endanger the revenue, and will describe the same in his report. If the district supervisor finds, upon examination of the inspection report, that the rectifying plant may be operated at the designated location without danger to the revenue, he will note his recommendation for approval on all copies of the special application and his approval on all copies of the accompanying plat, and will forward all copies of the special application and the original copy of the plat, together with a copy of the inspection report, to the Commissioner for final action. If the district supervisor should be of the opinion that operation of the rectifying plant at the designated location will endanger the revenue, he will note his recommendation for disapproval on the special application and forward all copies thereof and the original copy of the plat, together with a copy of the inspection report, to the Commissioner. Where the special application is recommended for disapproval, the district supervisor will furnish the Commissioner full information respecting the reasons therefor. When final action has been taken on the special application, the district supervisor will dispose of the approved or disapproved documents returned by the Commissioner, as provided in section 190.132.* (Secs. 2819, 2832, 3170, I.R.C.)

§ 190.120 *Examination of other qualifying documents.* Upon receipt of the notice, plat, plans, bond, and other documents required by these regulations of persons intending to qualify as rectifiers, the district supervisor will examine the same to determine whether they have been properly executed, and whether they reflect compliance with the requirements of the law and regulations. The district supervisor will examine the original of the Federal Alcohol Administration Act permit to determine that the photostatic copies thereof are authentic. Where any required document has not been filed, or where errors or discrepancies are found in those filed, or where the documents filed do not reflect compliance with these regulations, action thereon will be held in abeyance until the omission, or error or discrepancy, has been rectified, and there has been full compliance with all requirements.*

§ 190.121 *Inspection of premises and equipment.* When the required documents have been filed in proper form, the district supervisor will assign an inspector to examine the premises, buildings, apparatus and equipment and determine whether they conform with the description thereof in the notice, plat and plans, and whether the construction and measures of protection afforded meet the requirements of law and regulations. Where the inspection discloses minor irregularities in the qualifying documents or in the construction, the inspector will, at the time of their discovery, direct the attention of the rectifier to the same in order that the rectifier may correct the defects before completion of the inspection.*

§ 190.122 *Examination of bottling tank.* The district supervisor will cause a careful examination to be made of each bottling tank to see that it is constructed in strict compliance with these regulations before it is used by the rectifier. The officer charged with the duty of examining the bottling tank will also test the accuracy of the scale or measuring device provided for determining the contents of the tank, and if it is found that the same is not strictly accurate, or if any portion of the equipment does not conform to the requirements of these regulations, he will not recommend approval of the tank until the proper changes are made.*

§ 190.123 *Test of measuring devices.* The test of the accuracy of the scale or measuring device must be an actual one. It may be made by filling the tank with water and drawing off several precise quantities, observing after each withdrawal that the quantity remaining is correctly indicated by the scale or measuring device and that the quantity withdrawn agrees with that indicated by the scale or measuring device. An accurate water meter, where available, may likewise be used to check the calibration of the tank. Where bottling tanks are mounted on scales, the accuracy of the scales used for weighing spirits in lots of not over 500 gallons will be tested from time to time, under the supervision of the Government officer, by means of the test weights provided in accordance with § 190.32. The scales will be tested by placing the test weights on the scales and checking the weight registered on the beam of the scales. The test weights will then be removed without disturbing the beam and the bottling tank filled with spirits or water to the same weight, whereupon the test weights will again be placed upon the scales, the spirits or water being retained in the tank and the weight registered on the beam checked. This operation will be continued until the scales have been checked in 500-pound notches at all weights at which the scales are used. The proprietor will have scales used for weighing spirits in lots of 500 gallons or more tested and their accuracy certified by State, county, or city departments of weights and measures at intervals of not more than six months. The storekeeper-gauger will not permit the use of any scales not so tested or which upon testing are found to be inaccurate.*

§ 190.124 *Necessity for accuracy.* It is absolutely necessary that the scale or measuring device used for determining the contents of a bottling tank be accurate and precise, for ascertainment of the correct amount of tax due on taxable products to be bottled therefrom is dependent thereon. The district supervisor should, after the initial test is made, require further tests from time to time to determine whether the scale or measuring device is still accurate.*

§ 190.125 *Approval of bottling tank.* When the officer examining the bottling tank or tanks is satisfied that the same and the attachments thereto are properly constructed and the scales or measuring devices are accurate, he will so report to the district supervisor in writing and will securely attach to each such tank a certificate on Form 244. No tank or attachment thereto shall be used until such certificate has been attached and the tank and attachment thereto have been approved.*

§ 190.126 *Report of inspection.* Upon completion of the inspection, a report thereof will be submitted to the district supervisor. The report shall describe separately all irregularities and discrepancies found during the course of the inspection, and shall include a complete statement describing all unusual or special conditions. Where irregularities were corrected during the inspection, the report will indicate the corrections so made. The report need not set out in detail each description as set forth in the notice, plat and plans. The description of buildings, rooms, and equipment in the report should be general and brief. However, construction, equipment, signs, etc., which are not in conformity with law and regulations, will be completely described. If there are any pipe lines or other connections or openings between the rectifying plant premises and other premises, the same shall be described in detail. The report will also show whether the bottling tanks are constructed in accordance with these regulations and whether the measuring devices provided for determining the contents of such tanks have been tested and found to be accurate and certificate on Form 244 attached to each such tank. There shall be further embodied in the report a statement as to whether or not another business is being conducted, or is in-

tended to be conducted, on the rectifying plant premises or in the buildings or rooms thereon.*

§ 190.127 *Inaccurate documents.* Where the district supervisor's examination, or the inspector's report, discloses discrepancies in the qualifying documents, the inaccurate or incomplete documents will be returned to the proprietor for correction. A record will be kept of all bonds so returned.*

§ 190.128 *Defective construction.* Where it is found that the construction of the rectifying plant or its equipment does not conform to the requirements of the law and regulations, the district supervisor will inform the proprietor concerning the defects, and further action will be held in abeyance pending correction thereof.*

§ 190.129 *Law violation record.* Before recommending for approval any bond or consent of surety given by any individual, firm, partnership, corporation, or association, in respect to the business of a rectifier, the district supervisor will cause such inquiry or investigation as may be deemed necessary to ascertain whether such individual, firm, partnership, corporation, or association, or any person owning, controlling, or actively participating in the management of the business has been convicted of, or has compromised, an offense of the nature specified in § 190.89. Where record is found of the conviction or compromise of such an offense, the district supervisor will forward a full report thereof, with his recommendation, to the Commissioner for consideration, before recommending approval or disapproval of the bond. Upon receipt of advice from the Commissioner, the district supervisor will recommend approval or disapproval of the bond in accordance with sections 190.130 and 190.131.* (Sec. 2815 (d), I.R.C.)

§ 190.130 *Approval of qualifying documents.* If the district supervisor finds, upon examination of the inspection report, that the person seeking to qualify as a rectifier has complied in all respects with the requirements of law and these regulations, and the rectifier's bond, Form 34, may properly be approved under section 190.129, he will note his recommendation for approval on all copies of the bond and notice, and his approval on all copies of the plat and plans, and will forward all copies of the bond and notice, and the original copy of the plat and plans, and other qualifying documents, together with a copy of all inspection reports, to the Commissioner for final action.*

§ 190.131 *Disapproval of qualifying documents.* If the district supervisor finds that the applicant has not complied in all respects with the requirements of the law and regulations, or that the situation of the rectifying plant is such as would enable the rectifier to defraud the United States, or the bond should be disapproved under section 190.129, he will note his recommendation for disapproval on the bond, and will forward to the Commissioner for final action such copies of the qualifying documents as are required to be so forwarded by the preceding section in the case of recommendation for approval, together with a copy of all inspection reports. Where a bond is recommended for disapproval, the district supervisor will furnish the Commissioner with a full statement of the reasons therefor.*

§ 190.132 *Disposition of qualifying documents.* Where the rectifier's bond, Form 34, notice, Form 27–B, and special application, Form 1613, if any, are approved by the Commissioner, the district supervisor will, upon receipt of approved copies of such documents from the Commissioner, as provided in Article XVIII, forward one copy of the bond, notice, special application, plat, plans, and other qualifying documents (except copy of permit) to the rectifier and will retain one copy of such qualifying documents for the file. The extra copy of the special application, Form 1613, if any, received from the Commissioner will be placed by the district supervisor in the file of the distiller. If the rectifier's bond, or special application, is disapproved, the district supervisor will, upon receipt from the Commissioner of the disapproved copies of such documents and other qualifying documents submitted therewith, return all copies of the qualifying documents to the proprietor, with advice as to the reasons for such disapproval.*

§ 190.133 *Notification of collector.* Upon approval of the notice, plat and plans, bond and other qualifying documents by the Commissioner, the district supervisor will notify the collector of the district in which the premises are located, on Form 1411 or otherwise, to insure the payment of special taxes as required by these regulations. Collectors will not issue special tax stamps to rectifiers until such notice has been received from the district supervisor.*

Changes Subsequent to Original Establishment

§ 190.134 *Procedure applicable.* The foregoing provisions of this article respecting the action required of district supervisors in connection with the establishment of rectifying plants will be followed, to the extent applicable, where there is a change in the name of the rectifier, or in the firm name, trade name or style, or in the proprietorship, location, premises, construction, apparatus, and equipment of the rectifying plant, or where operations are permanently discontinued: *Provided*, That where there is a change in the individual, firm, or corporate name of the rectifier, or where the rectifying plant is to be again operated under a trade name or style previously approved by the Commissioner, or where the rectifying plant is operated under alternating proprietorships and a former proprietor whose qualifications were previously approved by the Commissioner is again to operate the rectifying plant, the district supervisor may authorize the commencement of operations prior to review of the qualifying documents by the Commissioner. In such cases, the district supervisor will notify the rectifier by letter and attach one copy of such letter to the qualifying documents.*

§ 190.135 *Applications and reports covering changes.* Where an application covering changes in rectifying plant buildings or rooms, or in the apparatus or equipment, is approved by the district supervisor, he will retain one copy of the application and forward one copy to the rectifier and the original copy to the Commissioner, and, when reports covering minor changes in rectifying apparatus and equipment are received from the rectifier in accordance with § 190.117, he will retain one copy and promptly forward one copy to the Commissioner.*

Additional and Superseding Bonds, and Consents of Surety

§ 190.136 *Procedure applicable.* The procedure prescribed herein for the approval of bonds and consents of surety submitted in connection with the establishment of rectifying plants will, to the extent applicable, govern the approval and disapproval of additional and superseding bonds, and consents of surety.*

Article XVIII—Action by Commissioner

Original Establishment

§ 190.137 *Special application, Form 1613.* Upon receipt of special application, Form 1613, from the district supervisor with his recommendation for approval or disapproval noted thereon, the Commissioner will review the same in connection with the accompanying plat and inspection report. If the application is approved by the Commissioner, he will note his approval on all copies thereof, retain the plat and two copies of the form and return three copies of the form to the district supervisor. Approval of the special application pertains to the location of the rectifying plant only, and does not authorize the operation thereof. The rectifying plant may not be operated until the rectifier's bond and other qualifying documents required by law and these regulations have been filed and approved. If the special application is disapproved, the Commissioner will note his disapproval thereon and will return all copies thereof to the district supervisor, accompanied by the plat submitted therewith, and a statement of the reasons for disapproval of the special application.* (Secs. 2819, 3170, I.R.C.)

§ 190.138 *Other qualifying documents.* The Commissioner will also review the notice, plat, plans, rectifier's bond, Form 34, and other qualifying documents, upon their receipt from the district supervisor. If the Commissioner approves the rectifying plant construction and equipment, and the plat, plans, bond, and notice, and other qualifying documents, he will assign a registry number to the rectifying plant in accordance with section 190.139, note his approval on all copies

of the bond and notice, retain one copy of the bond and notice, and all copies of the other qualifying documents, and will return two copies of the approved bond and notice to the district supervisor with advice as to his action on the qualifying documents. If the Commissioner disapproves the bond, he will note his disapproval thereon and will return all copies thereof to the district supervisor, accompanied by the other qualifying documents submitted therewith, and a statement of the reasons for disapproval of the bond.* (Sec. 2815 (c), (d), I.R.C.)

§ 190.139 *Registry numbers.* Rectifying plants will be numbered serially in the order of their establishment. A separate series will be used for each State. Registry numbers heretofore assigned will be retained, and new rectifying plants will be assigned numbers in sequence thereto. Registry numbers previously assigned to discontinued rectifying plants will not be reassigned to other rectifying plants. The same registry number will be continued whenever there is a change in proprietorship.*

Changes Subsequent to Original Establishment

§ 190.140 *Procedure applicable.* The foregoing provisions of this article respecting the action of the Commissioner in connection with the establishment of rectifying plants will be followed, to the extent applicable, where there is a change in the name, or in the firm name, trade name or style, or in the proprietorship, location, premises, construction, apparatus and equipment.*

Article XIX—Termination of Bonds

§ 190.141 *Termination of rectifier's bond.* The rectifier's bond, Form 34, is a continuing bond and, therefore, continues in effect for an indefinite period, unless terminated. Such bonds may be terminated as to future rectification (1) pursuant to application by the surety as provided in section 190.143, or (2) upon approval of a superseding bond or discontinuance of the business by the principal. Application for notice of termination of the rectifier's bond upon approval of a superseding bond or discontinuance of the business must be filed in duplicate with the district supervisor.*

§ 190.142 *Termination of drawback bonds.* Bonds given on Form 1581 to cover the drawback of internal revenue taxes paid on distilled spirits bottled especially for export, and exported, will be terminated by the district supervisor when no further withdrawals are to be made thereunder, provided that the account kept with the bond in accordance with the regulations governing the subject (26 CFR Part 176), shows that there are no outstanding charges. If the account kept with the bond shows any deficiency, the bond will not be terminated by the district supervisor until advice has been received from the Commissioner of the termination of liability for the deficiency.* (Sec. 3179 (b), I.R.C.)

§ 190.143 *Application of surety for relief from bond.* A surety on any bond may at any time in writing notify the principal and district supervisor, in whose office the bond is on file, that he desires after a date named, which shall be at least sixty days after date of notification, to be relieved of liability under said bond. The notice shall be executed in triplicate by the surety, who shall deliver one copy to the principal and the other two to the district supervisor, who will retain one copy and transmit the remaining copy to the Commissioner. If such notice is not thereafter in writing withdrawn, the rights of the principal as supported by said bond shall be terminated on the date named in the notice, and the surety shall be relieved (1) in the case of a rectifier's bond, Form 34, from liability for products rectified wholly subsequent to the date named in the notice, and (2) in the case of drawback bonds, Form 1581, from liability for distilled spirits withdrawn for export wholly subsequent to such date. This notice may not be given by an agent of the surety unless it is accompanied by a power of attorney duly executed by the surety authorizing him to give such notice or by a verified statement that such power of attorney is on file with the Department. The surety must also file with the district supervisor an acknowledgment or other proof of service of such notice on the principal.*

§ 190.144 *Action on application for notice of termination of rectifier's bond.* When an application for notice of termination of a rectifier's bond as to future rectification is filed with the district supervisor in a case where a superseding bond has been approved, or the principal has discontinued business, as provided in section 190.141, the district supervisor will, before forwarding the application to the Commissioner, make a complete examination of records to determine whether there is any liability outstanding against the bond. He will also ascertain from the collector of internal revenue whether there are any outstanding, unpaid assessments or demands for taxes on products rectified under the bond. If it is found that outstanding assessments, or demands for payment, of taxes chargeable against the bond have not been paid or otherwise settled, or that all taxes have not been paid on all spirits and wine subjected to any act of rectification during the period covered by the bond, the district supervisor will recommend disapproval of the application, unless the liability is settled. The district supervisor will retain one copy of the application and forward one copy to the Commissioner with his recommendation. The district supervisor will not issue notice of termination of any rectifier's bond until he has been notified of the Commissioner's approval of the application therefor.*

§ 190.145 *Notices, Forms 1490 and 1491.* Upon receipt of advice from the Commissioner of his approval of an application for notice of termination of a rectifier's bond, Form 34, as to liability for future rectification, the district supervisor will execute Form 1490, "Notice of Bond Termination," where a superseding bond has been approved, or Form 1491, "Notification of Release of Bond," where the principal has discontinued business, in quadruplicate (quintuplicate if there are two sureties) and will forward the original to the Commissioner, one copy to each obligor on the bond, and retain one copy on file with the bond to which it relates.*

§ 190.146 *Release of collateral.* The release of collateral pledged and deposited with the United States to support bonds required by these regulations shall be in accordance with the provisions of Department Circular No. 154, revised (31 CFR Part 225), subject to the conditions governing the issuance of notices on Form 1490 and Form 1491 of the termination of such bonds. Collateral pledged and deposited to support a rectifier's bond, Form 34, will not be released by the district supervisor, unless the Commissioner has authorized such action. The release of the security in the case of such bond will not be authorized until all spirits, which have been subjected to any act of taxable rectification while the bond was in force and effect, have been tax-paid. At any time prior to the release of such collateral security the district supervisor may, in his discretion, and for proper cause, recommend extension of the date of release of the security for such additional length of time as in his judgment may be appropriate. Collateral pledged and deposited to support a drawback bond may be released by the district supervisor without prior authorization of the Commissioner. The collateral in such case will ordinarily be released upon issuance of notice of release of bond, Form 1491.* (Sec. 1126, 44 Stat. 122; 6 U.S.C. 15)

Article XX—Instruments

§ 190.147 *General requirements.* Rectifiers must provide themselves with proper instruments for gauging or determining the alcoholic content of spirits and wines.* (Sec. 2861, I.R.C.)

§ 190.148 *Standard hydrometer set.* For use in determining the proof of distilled spirits and rectified spirits to which saccharine or other solid matter has not been added, rectifiers will provide themselves with the standard hydrometer set, consisting of cup with thermometer and the necessary stems.* (Sec. 2861, I.R.C.)

§ 190.149 *Ebulliometer.* For use in determining the alcoholic content of blended whiskies containing sherry wine, prune juice, caramel, glycerine, etc., and of wines, cordials, liqueurs, and other rectified products containing saccharine or other solid matter, rectifiers will provide themselves with an approved ebulliome-

ter or a small still. The following ebulliometers have been approved by the Commissioner for use in determining the alcoholic content of such products: Salleron-Dujardin, Juerst, Lefco, Braun, E. B. Torino (with shield), "TAG" (with shield), Malligand Type (with shield), L'Ebulliometer Levesque (with shield), and Arnaldo-Sala (with shield). The E. B. Torino, "TAG," Malligand Type, L'Ebulliometer Levesque, and Arnaldo-Sala have been approved subject to the condition that they will be used in connection with a shield to protect them from drafts or air currents.* (Sec. 2861, I.R.C.)

§ 190.150 *Other instruments.* The Commissioner may authorize the use of other equally accurate instruments for determining the alcoholic content by volume of such blended whiskies, and of wines, cordials, liqueurs, and similar products.* (Sec. 2861, I.R.C.)

§ 190.151 *Accuracy of instruments to be checked.* Government officers will from time to time check the accuracy of all instruments used at rectifying plants, and will be furnished suitable necessary instruments for that purpose. Great care must be taken in testing the instruments in order to get correct results. Instructions for use of the standard hydrometer set and of small stills (or wine sets) will be found in the Gauging Manual (26 CFR Part 186) and in Regulations No. 7, approved October 6, 1937 (26 CFR Part 178), respectively. Ebulliometers will be tested in accordance with the instructions furnished with the instruments. Instructions for the use of the Salleron-Dujardin, Juerst, and Lefco ebulliometers will also be found in Regulations No. 7.*

Article XXI—Formulas and Processes

§ 190.152 *Form 27–B Supplemental.* Every rectifier must file with the district supervisor a statement in detail of each formula and process by which he intends to rectify spirits. A separate Form 27–B Supplemental, in quadruplicate, will be filed for each formula and process, including those previously approved and in use on the effective date of these regulations, and each formula will be serially numbered beginning with number 1. Form 27–B Supplemental will not be filed for formulas and processes which had been superseded or discontinued prior to the effective date of these regulations or which were no longer in use by the rectifier on such date.*

§ 190.153 *Description of formula.* Each formula must show the name of the product, the proof thereof, and all the ingredients composing the formula, but the quantity or percentage of each ingredient need not be given, except as provided below. Where the taxability or labeling of the product is affected by the quantities or percentages of the ingredients used, the quantities or percentages of such ingredients shall be specified in the formula. Where grape wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, or apple wine, which has been fortified with brandy is used, the percentage thereof by volume of the finished product shall be shown. Where sweetening materials are used in compounding products with such wine, the kind and quantity of the sweetening material shall be shown. Where coloring, flavoring, or blending materials are used, the kind and percentage thereof by volume shall be shown. If intermediate products are made for use in manufacturing finished products for sale, as provided in § 190.246, the formula and process by which both the intermediate products and the finished products are made shall be filed. The Commissioner or district supervisor may require the quantity or percentage of each ingredient to be specified in any formula when such is deemed necessary to determine the proper taxability or labeling of the product. Formulas specifying various proofs may be accepted, provided each lot of spirits transferred to a bottling tank is bottled at the same proof. Where the rectifying process will not be completed within ten days, the time required for completion thereof must be shown on Form 27–B Supplemental, and application for approval of such extended process submitted therewith in accordance with Article XXVIII.*

§ 190.154 *Description of process.* The statement of process must set out in sequence each step therein from the dumping of the spirits for rectification to the completion of the finished product. If the process employed is a continuous one, the statement should clearly show the continuity of the steps thereof. Rectifying processes are deemed to be continuous or unbroken where the spirits are carried through the various steps of rectification specified in the approved formula and statement of process as expeditiously as normal, efficient plant operation will permit in the manufacture of a finished product of standard quality. Reasonable intervals of time occurring between the completion of one step and the commencement of another step occasioned by normal plant operation are not deemed to be a break in the continuity of the rectifying process, where such steps are specified in the approved formula and statement of process and the rectifying process is completed within the specified 10-day limit or such further period of time as may be authorized by the Commissioner.*

§ 190.155 *Changes of formulas and processes.* Where a formula conforming to the above requirements has been submitted it will not be necessary to submit a new formula if the product is to be put under another brand name (but not as another class or type), or if the quantity of any ingredient used, other than those the percentage of which is required to be disclosed, is varied from time to time. Where the ingredients composing the formula are changed, however, a new formula must be submitted. Any change in the process of rectification will necessitate the submission of a new Form 27–B Supplemental showing the formula and the changed process.*

§ 190.156 *Disposition of Form 27–B Supplemental.* The district supervisor will forward all copies of Form 27–B Supplemental to the Commissioner. If the form is properly prepared and the process is approved, the Commissioner will indicate the tax or taxes due on the finished product, note his approval on the form, retain one copy thereof and return three copies to the district supervisor, who will retain one copy and forward one copy to the rectifier and one copy to the storekeeper-gauger assigned to the plant. The approved Forms 27–B Supplemental will be filed in serial order, available for ready reference, by the storekeeper-gauger at the rectifying plant and by the rectifier and the district supervisor.*

Article XXII—Special (Occupational) Taxes

§ 190.157 *Rectifier's special tax.* Every person engaged in business as a rectifier, within the meaning of the term as defined in Article IV, must file Form 11 with the collector and pay special tax as such. Persons rectifying less than 500 barrels a year, counting 40 proof gallons to the barrel (i. e., less than 20,000 proof gallons), must pay special tax at the rate of $100 per year, and persons rectifying 500 barrels or more a year (i. e., 20,000 proof gallons or more) must pay special tax at the rate of $200 per year.* (Sec. 3250 (f) (1), I.R.C.)

§ 190.158 *Change to higher or lower rate.* A rectifier who has paid the special tax as a rectifier of less than 500 barrels and who exceeds that quantity must immediately pay the special tax due at the higher rate ($200 per year) to the collector for the full period, and obtain a new special tax stamp. The rectifier may submit the stamp representing the special tax paid at the lower rate to the collector with a claim on Form 843 for redemption thereof. A rectifier who has paid special tax at the higher rate, but actually rectifies less than 500 barrels of spirits during the year, may likewise purchase a new special tax stamp at the lower rate ($100) and submit the stamp representing the tax paid at the higher rate to the collector with a claim on Form 843 for redemption thereof.* (Secs. 3250 (f) (1), 3304, I.R.C.)

§ 190.159 *Liquor dealers' special taxes.* Rectifiers who sell distilled spirits or wines must file separate return on Form 11 and pay special (occupational) taxes as wholesale liquor dealer or retail liquor dealer, or both, in accordance with the law and regulations governing the payment of such special taxes (26 CFR Part 194).* (Secs. 3250 (a), (b), 3254 (b), (c), I.R.C.)

§ 190.160 *Liability not affected by commodity tax exemption.* Exemption from the commodity tax on products of

rectification does not provide exemption from the special tax as a rectifier, nor from the dealers' special taxes for the sale of rectified spirits.*

Article XXIII—Plant Operation

§ 190.161 *Restrictions.* No operations pertaining to (1) transferring spirits from tanks or tank cars to storage tanks, (2) gauging and dumping spirits or wines for rectification, (3) rectifying, (4) bottling, or (5) shipping, shall be carried on at a rectifying plant during other than regular business hours, unless special permission is first obtained therefor from the district supervisor, which permission, by reason of section 2870, I.R.C., shall not extend to the removal of any package of spirits containing more than 10 gallons between sundown and sunrise: *Provided, however,* That these restrictions shall not apply to rectifying processes that are automatic and continuous, and do not require any personal handling or other manipulation during such restricted hours.*

§ 190.162 *Operations after regular hours.* The district supervisor will exercise sound discretion and may allow such rectifying processes, bottling, and other things to be done after regular hours, as in his judgment may safely be permitted without jeopardy to the revenue, where the proprietor establishes legitimate necessity therefor. The rectifier may, in the discretion of the district supervisor, be authorized to complete the distillation of tax-exempt gin or the bottling of spirits after regular business hours: *Provided,* That such distillation is limited to the quantity of spirits involved in the distilling operation in progress at the close of regular business hours and such bottling operations are confined to spirits which have been released for bottling by the Government officer after all taxes due, if any, have been paid, and that the gin produced is run into closed, locked receiving tanks and the spirits bottled are kept on the premises until the following day. Such other operations as the filtering of spirits, the filling of bottling tanks where the outlets thereof are locked, and the conducting of taxable rectifying processes where the spirits are retained for inspection and tax-payment, may be authorized in the discretion of the district supervisor.*

§ 190.163 *Emergency operations under supervision.* Except as provided in the preceding section, the operations at rectifying plants will be restricted to regular business hours, unless it should be found necessary to permit operations after such hours to meet seasonable demands or temporary emergency conditions. An emergency will be understood to mean a condition which could not reasonably be obviated. Where bona fide emergencies exist, district supervisors will assign officers to duty outside of regular hours only after thorough investigation of the facts in each case and only in the event the necessary personnel can be assigned without undue interference with other activities.*

§ 190.164 *Expedition required.* It is not necessary to keep Government officers at plants where no operations are being conducted, and, as provided in § 190.166, one officer may be assigned to supervise several small plants. Where a Government officer is not assigned continuously at a rectifying plant, rectifiers will, upon arrival of the officer, be required to conduct the operations requiring his supervision as expeditiously as possible in order that the officer may not be required to remain at the rectifying plant any longer than necessary.*

§ 190.165 *Operations without supervision.* Where the volume of business at a rectifying plant is insufficient to warrant the assignment of a Government officer to continuous duty at the plant during regular business hours, the rectifier may conduct such operations in the absence of the officer as are not required by these regulations to be done under the supervision of a Government officer: *Provided, however,* That the district supervisor may in his discretion require such other operations to be conducted in the presence of the Government officer as he deems necessary for the protection of the revenue.*

Article XXIV—Commencement of Operations

§ 190.166 *Assignment of storekeeper-gauger.* When a rectifying plant has been established as provided herein, the district supervisor will, upon the commencement of operations, assign one or more storekeeper-gaugers to the plant: *Provided,* That one storekeeper-gauger may be assigned to supervise several small plants. In determining the number of storekeeper-gaugers to be assigned to a rectifying plant the district supervisor will consider the number and size of the rooms or buildings comprising the plant, the quantity of spirits to be gauged and dumped daily, the quantity to be bottled daily, and whether the rectifying plant is contiguous or adjacent to a distillery or internal revenue bonded warehouse.*

§ 190.167 *Examination of plant.* Storekeeper-gaugers will, upon assignment to a rectifying plant intending to commence operations, examine the plant and the apparatus and equipment, and determine that the manheads, inlets, outlets, and other necessary openings of storage, receiving, and bottling tanks, the manheads of gravity tanks, the doors and other openings of the wine bottling room and export storage room, if any, and the door of the Government cabinet, are properly equipped for locking with Government locks, and that the plant and the apparatus and equipment conform to these regulations. The storekeeper-gauger will apply Government locks of the kind prescribed herein wherever the same are required.*

Article XXV—Receipt of Spirits

§ 190.168 *Tax-paid liquors only.* Only distilled spirits, wines, and other liquors that have been previously tax-paid at the rates provided by law may be received at a rectifying plant.*

§ 190.169 *Deposit in receiving room.* Except as provided in § 190.170, all distilled spirits, wines, and other liquors received at a rectifying plant shall be immediately placed in the receiving room. The spirits, wines, and other liquors must remain in the receiving room until permission is obtained on Form 122, "Rectifier's Application to Dump Spirits, Wines, or Other Liquors, and Return of Gauge," to remove the same to the rectifying room for dumping and rectification, or on Form 230, "Description and Gauge of Spirits or Wines for Bottling Without Rectification," to remove the same to the bottling room, or to the rectifying room where no separate bottling room is provided, for dumping and bottling without rectification, except that unrectified bulk spirits may be shipped or removed from the receiving room without obtaining such permission.*

§ 190.170 *Receipt in tank cars.* Where distilled spirits are received in tank cars or wines are received in tank cars, tanks, or tank trucks, they may be transferred directly from such containers into processing or bottling tanks if permission is first obtained from the district supervisor and the spirits or wines are first inspected by a Government officer. When liquors are so transferred the rectifier must submit Form 122 or Form 230 to the Government officer assigned to the plant, or to the district supervisor or designated officer, for approval as provided in Articles XXVI and XXXIV, immediately the tank cars, tanks, or tank trucks are emptied. Distilled spirits may be received in tank cars only if the premises of the rectifier are equipped with suitable railroad siding facilities. Before permitting spirits to be transferred from a tank car into a storage tank or a processing or bottling tank, the Government officer will see that the railroad car seals are intact on the tank car and that the car bears the collector's certificate of tax-payment, Form 1595. When spirits are transferred into or out of storage tanks the Government officer shall open and close the Government locks, but it shall be the duty of the proprietor to manipulate the stopcocks or valves controlling the flow of the spirits. The officer will keep a memorandum record of the quantities of spirits entered into and withdrawn from each storage tank by dates, in order that he may determine that only lawful, tax-paid spirits are withdrawn from such tanks for rectification.*

§ 190.171 *Certificate of tax-payment, Form 1595.* When distilled spirits are received in a tank car at a rectifying

plant, the rectifier shall at the time the car is emptied scalp the certificate of tax-payment, Form 1595, by cutting out all of that portion of the certificate within the border. The rectifier shall then send the scalped portion of the certificate to the supervisor of the district in which the rectifier is located, and shall obliterate the remainder of the certificate. If the tank car is received without the certificate attached thereto, the rectifier shall note such fact on the bill of lading (if any) or Form 1520 or 1440 covering such tank car and immediately notify the district supervisor, who will cause such inquiry to be made respecting the shipment and receipt of the car as he may deem appropriate. Where a tank car with the certificate missing is received at a rectifying plant, the storekeeper-gauger will furnish a complete report to the district supervisor.*

§ 190.172 *Comparison of scalped certificate with application.* The district supervisor will compare the scalped certificate of tax-payment, Form 1595, with the copy of the application therefor, Form 1594, forwarded to him by the collector at the time Form 1595 was issued. The certificate and the application will be compared as to names of vendor and vendee, number of gallons, amount of tax, etc., and any discrepancy will be investigated. The district supervisor will then send the copy of the application to the Commissioner, and, where there is a discrepancy, a report of his findings relative thereto.*

§ 190.173 *Disposition of gauge report.* When distilled spirits received in a tank car are run into a storage tank, the report of gauge, Form 1520 in the case of spirits other than alcohol, and Form 1440 in the case of alcohol, sent to the rectifier by the vendor, shall be attached to such storage tank. The rectifier shall enter the date and quantity or removals from the storage tank in a blank space on the report of gauge. The report of gauge shall be kept on the tank until such time as the quantity covered by such report has been withdrawn from the tank. The report shall then be filed by the rectifier, available for inspection by Government officers. If the spirits are transferred directly from the tank car into a processing or bottling tank, the rectifier shall make a note to that effect on the report of gauge and file it. The requirements of this section shall not preclude use of the spirits prior to receipt of Form 1520 or 1440.*

§ 190.174 *Mixing of different spirits prohibited.* Spirits received in tank cars and which were produced from different materials, or by two or more distillers or from different combinations of the same materials at less than 190 degrees of proof, or which differ in kind according to the standards of identity established under the Federal Alcohol Administration Act, or which differ more than 10 degrees in proof, or which are otherwise heterogeneous, may not be mingled in a storage tank.* (Sec. 3254 (g), I.R.C.)

§ 190.175 *Packages bearing evidence of tampering.* When the rectifier, upon inspection of spirits, discovers that any package or other container bears evidence that illicit untax-paid spirits have been substituted for the original contents or any part thereof, or that the character of the original contents has been changed by adulteration or in any other manner, except by diminution in quantity due to leakage or evaporation, he will immediately report the matter to the district supervisor and set aside the package pending advice from the district supervisor as to its disposition.*

§ 190.176 *Record, Form 45.* Every rectifier shall enter on Form 45, "Rectifier's Monthly Record and Report," all distilled spirits, wines, and other liquors received by him.* (Secs. 2855, 2857, 3170, I.R.C.)

Article XXVI—Gauging and Dumping Spirits for Rectification

§ 190.177 *Application, Form 122.* When the rectifier desires to dump spirits for rectification he will carefully gauge each package and prepare Form 122, in duplicate, giving a complete description of the packages and making application for permission to dump the same, except that where spirits are transferred to the rectifying plant, directly upon tax-payment, from a contiguous distillery or internal revenue bonded warehouse and dumped for rectification within three days after receipt, the withdrawal gauge will be considered as satisfying the requirement that the spirits shall be gauged when dumped for rectification. Where spirits are so dumped on the withdrawal gauge, the details of such gauge will be copied on Form 122. If the spirits are to be drawn from a storage tank the rectifier will likewise execute Form 122, giving all the information applicable. Each Form 122 will be given a serial number beginning with "1" for the 1st day of January of each year and running consecutively thereafter to December 31, inclusive.* (Sec. 2813, I.R.C.)

§ 190.178 *Distiller's original packages.* Where spirits, including alcohol, contained in distiller's original packages are to be dumped, the rectifier will cut out, with a sharp instrument, that portion of each tax-paid stamp upon which is shown the serial number of the stamp, the date, the name of the distiller or warehouseman, the proof gallons, and the serial number of the package. The scalped portions of the stamps will be securely attached to a slip of paper in such manner that the data thereon may be readily examined, and such slip of paper bearing the cut-out portions of the stamps will be securely attached to one copy of Form 122.* (Sec. 2813, I.R.C.)

§ 190.179 *Rectified spirits.* If packages of rectified spirits are to be dumped, that portion of each rectified spirits stamp bearing the serial number, the date, the name of the rectifier, the proof gallons, the class, and the district and State, will be cut out and attached to one copy of Form 122 in the same manner as tax-paid stamps.* (Sec. 2813, I.R.C.)

§ 190.180 *Imported spirits.* Where packages of imported spirits are to be dumped, that portion of each customs stamp showing the kind of spirits, the serial number, date of issue, name of the importer, proof gallons, and the name and district of the collector of customs, will be cut out and attached to one copy of Form 122 in the same manner as tax-paid stamps.* (Sec. 2813, I.R.C.)

§ 190.181 *Wholesale liquor dealer's packages.* Where spirits contained in wholesale liquor dealer's packages are to be dumped, that portion of each wholesale liquor dealer's stamp extending from the top to the bottom and embracing the entire width between the words "proof" and "collector" appearing near the bottom of the stamp, will be cut out and attached to Form 122 in the same manner as tax-paid stamps.* (Sec. 2813, I.R.C.)

§ 190.182 *Lost or mutilated stamps.* When a stamp has been lost or mutilated, so that the required portion thereof cannot be returned, an affidavit setting forth all the facts in the case will be made by the rectifier and attached to each copy of Form 122.* (Sec. 2813, I.R.C.)

§ 190.183 *Wine stamps.* Since it is impracticable to cut out or scalp wine stamps, the rectifier will, whenever wines are to be dumped from properly stamped containers, certify to such fact by writing the words "Wine stamps attached" in the columns provided for the description of stamps on Form 122. If the wine to be dumped is in a tank car, storage tank, bottles, or other containers to which wine stamps representing the tax are not attached, the rectifier will attach to one copy of Form 122 a statement explaining the absence of such stamps.* (Sec. 2813, I.R.C.)

§ 190.184 *Notation on Form 122.* Where spirits received in railroad tank cars bearing certificate of tax-payment, Form 1595, or where spirits in stamped bottles are to be dumped, an explanatory statement will be made in the columns provided for the description of stamps on Form 122, as "Form 1595, Serial No. _____, dated, heretofore submitted," or "In stamped bottles," as the case may be.* (Sec. 2813, I.R.C.)

§ 190.185 *Statement of Government officer.* Where scalped portions of the stamps are not attached to Form 122 by reason of facts or circumstances described in §§ 190.182, 190.183, and 190.184, the spirits or wines must be inspected by a Government officer before being dumped. The officer will satisfy himself that the spirits or wines have been lawfully tax-paid and will attach to each copy of Form 122 a statement, over his signature, setting forth the reasons why the scalped portions of the stamps are not attached.* (Sec. 2813, I.R.C.)

§ 190.186 *Approval by officer assigned to plant.* Except as provided in the following section, the rectifier will submit both copies of Form 122 to the Government officer assigned to the plant, who, if after inspection of the spirits and verification of the entries on the application finds that the details are correctly given, will sign the certificate on each copy. If the officer is satisfied that the application covers tax-paid spirits, he will authorize the rectifier to dump the spirits described in the form by signing the approval statement on both copies, and will return the same to the rectifier.*

§ 190.187 *Approval by district supervisor or designated officer.* Where an officer is not assigned to continuous duty at the rectifying plant, and is not available for approval of Form 122, the rectifier may submit such form to the district supervisor, or to an officer designated by him, for approval. When Form 122 is submitted to the district supervisor or a designated officer for approval, the approving officer will examine the tax-paid stamps, or statements, or affidavit and statement, in lieu thereof, attached to one copy of the form, and if he finds that the spirits to be dumped for rectification have been lawfully tax-paid, and the forms are properly prepared, he will execute the approval statement on both copies and return the same to the rectifier.*

§ 190.188 *Dumping spirits; marking processing tanks.* The rectifier will upon receipt of the approved Form 122, remove the spirits to the rectifying room, immediately dump the same into approved processing tanks or receptacles, mark legibly upon such tanks or receptacles the number of the formula under which the spirits are to be rectified, and enter the date of dumping on each copy of such form.* (Secs. 2855, 3170, I. R.C.)

§ 190.189 *Disposition of Form 122.* Immediately after dumping the spirits, the copy of Form 122 to which the slip bearing the cut-out portions of the stamps, or statements, or affidavit and statement, in lieu thereof, are attached will be forwarded by the rectifier to the district supervisor. The rectifier will retain the other copy on file at the rectifying plant available for examination by Government officers. Upon receipt of Form 122, the district supervisor will see that the requisite scalped stamps, or statements, or affidavit and statement, in lieu thereof, are attached to the form.*

§ 190.190 *Entire package to be dumped.* A portion of a package may not be dumped for rectification. Where it is desired to rectify a quantity of spirits less than a full package, the entire package must be dumped into a processing tank or receptacle and the quantity which it is desired to rectify at that time must be removed from such tank or receptacle to another processing tank for rectification. Where small quantities of rum, sherry wine, or other liquors are to be used for flavoring purposes from time to time, a statement to that effect shall be made on Form 122 covering the gauge and dumping of the packages, unless the entire quantity is to be used within 10 days from the date of dumping. No larger quantities of liquor to be used for flavoring purposes shall be dumped than necessary for a reasonable period, except that not less than an entire original package (barrel or keg) may be dumped. No liquors except small quantities of those used for flavoring and similar purposes shall be retained in processing tanks or receptacles for an indefinite period.*

§ 190.191 *Special authorization required for return of spirits to receiving room.* When spirits have been removed to the rectifying room they may not be returned to the receiving room, except upon special authorization of the district supervisor. The district supervisor will authorize the return of spirits from the rectifying room to the receiving room without payment of rectification tax only where reasonable cause for such action is shown and he is satisfied that the spirits have not been subjected to any act of rectification. The mere cancellation of orders is not deemed to be sufficient cause to warrant the granting of such authorization, unless the product is one for which the rectifier has no other sale.*

§ 190.192 *Destruction of stamps, marks, and brands on spirits packages.* When packages of distilled spirits are emptied all stamps, except the scalped portions thereof attached to Form 122, and all marks and brands which such packages are required by law to bear, must be completely effaced and obliterated. This should be done immediately upon completion of the dumping, draining, and rinsing of the packages. Packages from which all stamps, marks, and brands have not been completely effaced and obliterated are subject to forfeiture.* (Sec. 2866, I.R.C.)

§ 190.193 *Destruction of tank car certificates.* Certificates of tax-payment affixed to tank cars of distilled spirits, except the portions thereof scalped for submission to the district supervisor, must likewise be immediately destroyed when such cars are emptied.* (Sec. 2883, I.R.C.)

§ 190.194 *Destruction of stamps and marks on wine containers.* When packages of wines are emptied by a rectifier all stamps and marks which such packages are required by law and regulations to bear must be destroyed by scraping or obliteration immediately the packages are emptied. Labels affixed to tank cars, and labels and stamps affixed to tank trucks, of wine indicating tax-payment of the contents must also be scraped or obliterated immediately the tank cars are emptied.*

§ 190.195 *Rinsing of barrels.* When packages of distilled spirits are dumped, the barrels may be rinsed with cold or lukewarm water and the rinse water used to reduce the proof of the spirits dumped from the barrels. Wood chips contained in such packages may be likewise rinsed. After the reduction is completed, any remaining rinse water may not be mixed with other, different spirits for bottling without rectification. Where rectified spirits or products subject to the 30-cent rectification tax are manufactured, such rinsings may be used in such spirits or products notwithstanding that the spirits so reduced may differ in composition from the spirits dumped from the barrels rinsed. Wood chips dumped from the packages will be disposed of in the manner prescribed in § 190.238.*

§ 190.196 *Extracting spirits from wood forbidden.* The rinsing with hot water or the steaming of distiller's original packages, or wood chips contained therein, for the purpose of extracting spirits from the staves and heads of the packages or from the wood chips, is forbidden. Likewise, such barrels may not be filled or partially filled with water and permitted to stand for the purpose of extracting spirits, nor may any other method or process be used to extract spirits from the barrels.* (Sec. 2806 (e), I.R.C.)

§ 190.197 *Use of original packages as processing receptacles.* When distilled spirits and wines are to be rectified they must be dumped pursuant to approved Form 122 into approved processing tanks or receptacles: *Provided, however,* That where it is desired to rectify the spirits or wines within the original packages, the original stamps and marks may be completely effaced and obliterated and the packages marked as processing receptacles or quick-aging packages in accordance with § 190.36 or § 190.38, as the case may be, in which case the spirits or wines will be considered as constructively dumped.*

§ 190.198 *Use of original packages as shipping containers.* Original packages may be used as shipping or storage containers for rectified products, provided all of the original stamps and marks are completely effaced from the packages, as required in §§ 190.192 and 190.194, and the packages are marked and stamped as shipping containers in accordance with Article XXXVII. Where the original packages have been used as processing receptacles upon destruction of the original stamps and marks, and the marking of the containers as processing receptacles or quick-aging packages, the markings as processing receptacles or quick-aging packages must likewise be completely effaced and the packages marked and stamped in accordance with Articles XXXV and XXXVII before they may be used as shipping containers.*

§ 190.199 *Discrepancies disclosed by regauge to be reported.* Whenever a rectifier, upon regauging any distiller's original package to be dumped for rectification, or for bottling as hereinafter provided, finds that due to increase in gross weight or in proof the package contains 1 proof gallon or more of spirits in excess of the quantity which, according to the stamps, marks, and brands on

the package, was contained therein at the time of tax-payment, he shall set aside the package and notify the district supervisor of the results of his regauge.*

§ 190.200 *Verification.* The district supervisor will cause the package to be inspected and regauged by an experienced storekeeper-gauger. If the excess of spirits is reported to be due to an increase of the gross weight of the package, the storekeeper-gauger will test the scales to determine the accuracy thereof before reweighing the package; and if the excess is reported to be due to an increase in the proof of the spirits, the storekeeper-gauger will see that the hydrometer and thermometer are accurate before taking the proof of the spirits. Upon completion of the regauge the storekeeper-gauger will submit to the district supervisor a report of his inspection, accompanied by a report of the regauge on Form 1520. The package will not, however, be detained or seized, unless the circumstances are such as to indicate fraud.*

§ 190.201 *Assessment of tax.* If the storekeeper-gauger's report of gauge shows an excess of 1 proof gallon or more of spirits, and there is nothing to indicate an intentional evasion of tax, the district supervisor will report the taxable excess to the Commissioner for assessment against the distiller or warehouseman who tax-paid the spirits, in accordance with the prescribed assessment procedure. If, however, the storekeeper-gauger's report indicates fraud, the district supervisor will cause a thorough investigation to be made before determining and reporting the tax liability for assessment.*

Article XXVII—Rectification

Kinds of Liquors

§ 190.202 *Tax-paid liquors only.* Only distilled spirits, wines, and other liquors that have been previously tax-paid at the rates provided by law, may be used for rectification. No wines or other liquors may be produced by fermentation at a rectifying plant, except that champagne and sparkling wine may be so produced through secondary fermentation of tax-paid wine.*

Tax-Exempt Gin

§ 190.203 *Production.* Gin may be produced exempt from the rectifying tax, by the redistillation of a pure spirit over juniper berries and other aromatics. Gin so produced must be run from the condenser of the still into a receiving tank from which it must be promptly (1) drawn into packages, gauged, stamped, and removed to the finished products room or (2) transferred to a bottling tank, gauged, and (a) bottled and removed to the finished products room or (b) conveyed by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling. (See Articles XXX, XXXI and XXXII.)* (Sec. 2800 (a) (5), I.R.C.)

§ 190.204 *Definition of pure spirit.* The term "pure spirit" is held to mean alcohol or neutral spirits free from impurities, including spirits of such a nature recovered by redistillation of imperfect gin spirits.* (Sec. 2800 (a) (5), I.R.C.)

§ 190.205 *Type of still.* Tax-exempt gin may be produced by a rectifier by redistillation of pure spirits over juniper berries and other aromatics with any type of still where the process is continuous and closed. There may be refluxing of gin spirits, if such spirits are refluxed immediately and directly back to the same gin still with the same charge. There cannot be any redistillation where the vapors do not pass over the juniper berries and other aromatics. Where the gin still is equipped with a by-pass around the berry basket, such by-pass must be removed or provided with a stopcock and kept locked with a Government lock, except when taxable spirits are being produced.*

§ 190.206 *Juniper berries and other aromatics.* The juniper berries may be crushed or mashed, and the other flavoring herbs and substances such as licorice, orange peel, orris root, etc., may be reduced to smaller particles to facilitate extraction, but the materials may not be steeped or percolated with the spirits before distillation is commenced. The juniper berries and other aromatics may be placed in the gin head of the still or in the liquid spirits within the still. Extracts, essences, oils, etc., of such materials may not be used.* (Sec. 2800 (a) (5), I.R.C.)

§ 190.207 *Mixing with other spirits or materials prohibited.* Gin produced by redistillation under exemption from tax cannot be mixed with other spirits or treated by the addition or abstraction of any substance or material other than pure water after redistillation, nor can any substance or material other than juniper berries or other aromatics or pure water be added to the spirits prior to or during redistillation.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.208 *Reduction and filtering.* Gin exempt from the rectifying tax may be reduced with water in the receiving or bottling tanks and may be filtered when necessary to remove materials held in suspension. The use of filters or filter-aids which will remove essential oils or flavoring materials in solution, thereby changing the composition and character of the gin, will subject the product to the rectifying tax. Whether the filtering changes the composition of the gin by removing materials in solution is a question of fact determinable by chemical analysis of samples of the spirits before and after filtration.* (Secs. 2800 (a), (5), 3254 (g), I.R.C.)

Taxable Gin

§ 190.209 *Production.* Gin produced in any manner or by any means, other than by the redistillation of a pure spirit over juniper berries and other aromatics as provided in § 190.203 (or by original and continuous distillation at a registered distillery), is subject to the rectification tax. Such taxable gin includes (1) gin produced by compounding spirits with juniper oil, extracts, essences, derivatives, or other similar materials; (2) gin produced by steeping juniper berries, aromatics, sloe berries, or other materials in spirits; (3) gin produced by blending distilled or compounded gin with spirits; (4) gin produced with spirits other than neutral spirits, either by distilling or compounding; and (5) gin manufactured by the use of any process or materials other than those specified herein as exempt from the rectification tax.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.210 *Treatment of gin.* The treatment of gin with any materials or process which changes its composition, subjects the product to the rectification tax. Such treatment includes (1) the flavoring of gin with fruits, sloe berries, extracts, essences, etc., and (2) the manipulation of gin by a physical or chemical process, such as redistillation, filtration, or treatment with activated carbon or other materials, which changes its composition or character.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

Purifying or Refining Spirits

§ 190.211 *General.* Except as otherwise provided in Article IV, the purifying or refining of distilled spirits by any process constitutes taxable rectification. Such purifying or refining processes include (1) redistillation; (2) leaching; (3) filtering or centrifuging; (4) treatment with activated carbon, chemicals or other materials; or (5) any other process which changes the character or composition of the spirits by removal, change, or modification of soluble matter held in solution in the spirits.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.212 *Disposition.* When alcohol or other spirits, such as heads and tails, or high and low feints, impure or imperfect spirits and products, residues, etc., are purified or refined at a rectifying plant, such purified or refined spirits must be promptly (1) drawn into packages, gauged, tax-paid, stamped, and removed to the finished products room or (2) transferred to a bottling tank, gauged, tax-paid and (a) bottled and removed to the finished products room or (b) conveyed by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling, unless such purified or refined spirits are to be used at the rectifying plant in the manufacture of rectified products, as hereinafter provided. Materials used for purifying or refining spirits will be disposed of in the manner prescribed by § 190.238.* (Secs. 2800 (a) (5), 2861, I.R.C.)

§ 190.213 *Use in manufacturing tax-exempt products.* Where the purified or refined spirits are to be used on the

premises in the manufacture of rectified products exempt from the rectification tax, the rectification tax due on such purified or refined spirits must be paid upon completion of the purifying or refining process. The tax-paid spirits may then be used alone or with other spirits of substantially the same kind in the manufacture of tax-exempt finished products under an approved formula and process. Impure or imperfect gin spirits which have been purified or refined and tax-paid upon completion of the purifying or refining process may be used with alcohol or neutral spirits in the manufacture of tax-exempt gin, notwithstanding that the purified or refined spirits retain traces of gin flavoring.*

§ 190.214 *Use in manufacturing taxable rectified products.* Where the purified or refined spirits are to be used in the manufacture of taxable rectified products, the rectification tax on the purified or refined spirits must likewise be paid upon completion of the purifying or refining process, unless they are immediately transferred to a processing tank and compounded with other ingredients in the manufacture of such taxable rectified products under an approved formula and process that includes purifying or refining of the spirits and is continuous and unbroken, as defined in § 190.154, in which event the rectification tax will be due and payable only on the finished product. Where the purified or refined spirits are held for subsequent use the process is not regarded as continuous, and rectification tax will be collected on the purified or refined spirits upon completion of the purifying or refining process, and also on the finished product.*

Blending

§ 190.215 *Constitutes rectification.* The blending (mixing together) of two or more heterogeneous spirits or wines constitutes rectification and, except as hereinafter provided, necessitates payment of the rectification tax of 30 cents per proof gallon.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.216 *Requirements.* All blending must be done according to an approved formula and process, and in designated processing tanks in the rectifying room. Upon completion of the blending, the blended spirits (unless such spirits are to be further aged or matured, or are to be held for a period for "marrying," as hereinafter provided) must be promptly (1) drawn into packages, gauged, tax-paid (unless not subject to tax), stamped, and removed to the finished products room, or (2) transferred to a bottling tank, gauged, tax-paid (unless not subject to tax), and (a) bottled and removed to the finished products room or (b) conveyed by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling.* (Secs. 2800 (a) (5), 2861, I.R.C.)

Blending of Wines

§ 190.217 *Tax-exempt blending.* The blending of tax-paid wines by rectifiers for the sole purpose of perfecting such wines according to commercial standards is, under the law, exempt from the rectifying tax of 30 cents per proof gallon. This exemption from rectification tax is held to apply only where the wines so blended are made from the same kind of fruit. The blending of wine made from one kind of fruit with wine made from another kind of fruit, as for example, the blending of blackberry wine with grape wine, constitutes taxable rectification.* (Sec. 2801 (c), I.R.C.)

§ 190.218 *Approval of formula and process required.* Where the rectifier desires to blend tax-paid wines for the sole purpose of perfecting such wines according to recognized commercial standards under exemption from the rectifying tax, he will, before commencing such blending, submit his formula and statement of process on Form 27–B Supplemental through the district supervisor for approval by the Commissioner as a tax-free blend. The rectifier will, in connection with the formula and process, show the kind and type of the wines to be blended, the respects in which they are to be perfected according to recognized commercial standards, and the kind and type of the blended product. The Commissioner or the district supervisor may require the submission of such additional information as he may deem necessary.*

§ 190.219 *Taxable blending.* Any blending of wines by rectifiers, except for the sole purpose of perfecting such wines according to recognized commercial standards, as herein set forth, incurs the rectifying tax.* (Sec. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.220 *Additional wine tax.* Where the taxable grade of wine is increased by blending, additional gallonage wine tax must be paid on the resultant product representing the difference between the tax originally paid on the wine and the tax due on the blended product, as provided in Article XXIX. For example, if 100 gallons of wine containing 20 per cent alcohol, on which wine tax in the amount of $10 has been paid, are blended with 100 gallons of wine containing 12 per cent alcohol, on which wine tax in the sum of $5 has been paid, making a total wine tax paid on the two wines of $15, and the resultant product contains 16 per cent alcohol, the wine tax on which would amount to $20, additional wine tax of $5 must be paid on the blended product, regardless of whether or not the 30-cent rectifying tax is incurred by the blending.* (Sec. 3030 (a), I.R.C.)

Blending of Straight Whiskies and Pure Fruit Brandies

§ 190.221 *Exemption from tax.* The rectifying tax of 30 cents per proof gallon does not attach to blends made exclusively of two or more pure straight whiskies aged in wood for a period of not less than four years and without the addition of coloring or flavoring matter or any other substance than pure water, and if not reduced below 90 proof, nor to blends made exclusively of two or more pure fruit brandies distilled from the same kind of fruit, aged in wood for a period not less than two years and without the addition of coloring or flavoring matter or any other substance than pure water and if not reduced below 90 proof: *Provided,* That the blending is done under the immediate supervision of the Government officer assigned to the plant or detailed to such duty by the district supervisor: *And provided further,* That the foregoing prohibition against the addition of coloring or flavoring matter shall not be construed to prevent the blending under the provisions of these regulations of pure fruit brandies otherwise eligible, to which a small quantity of burnt sugar has been added under the limitations prescribed in the regulations governing the manufacture of brandy.* (Sec. 2801 (c) (1), I.R.C.)

§ 190.222 *Application for supervision.* When a rectifier desires to blend two or more straight whiskies or two or more fruit brandies distilled from the same kind of fruit, under exemption from rectifying tax, he will make written application, in duplicate, to the Government officer assigned to the plant to supervise the blending of the whisky or brandy, or to the district supervisor for the assignment of an officer for such purpose. The application will be accompanied by Form 122, in duplicate, properly executed, to show that it is desired to blend straight whiskies aged in wood for a period of not less than four years, or fruit brandies distilled from the same kind of fruit and aged in wood for a period of not less than two years, without payment of rectification tax.* (Sec. 2801 (c) (1), I.R.C.)

§ 190.223 *Required data.* The application must state, in addition to the data shown in Form 122, the dates when the whiskies or brandies were produced as to each package; the proof to which the blended whisky or brandy is to be reduced; and that no coloring, flavoring, or other substance will be added, except the quantity of pure water necessary to reduce the whisky or brandy to the desired proof.* (Sec. 2801 (c) (1), I.R.C.)

§ 190.224 *Approval by district supervisor.* Where the application and Form 122 are submitted to the district supervisor, he will, if the application and form indicate that the whiskies or brandies may be blended free of tax, execute the approval statement on Form 122 authorizing the rectifier to dump the whiskies or brandies, return both copies of Form 122 to the rectifier and assign an officer to inspect the whiskies or brandies and supervise the blending and reduction in proof (if reduced) thereof, delivering both copies of the application to the officer.* (Sec. 2801 (c) (1), I.R.C.)

§ 190.225 *Approval by officer assigned to plant.* Where the application and

Form 122 are submitted to the Government officer assigned to the rectifying plant, he will make the examination prescribed in the following section, and, if satisfied that the whiskies or brandies may be blended free of tax, he will execute his certificate and the approval statement on Form 122, and return both copies to the rectifier.* (Sec. 2801 (c) (1), I.R.C.)

§ 190.226 *Officer's examination.* The officer who is to supervise the blending will examine the records of the rectifier and the packages covered by the application to ascertain whether they contain straight whisky or fruit brandy and whether such whisky or brandy has been properly tax-paid and aged in wood for four years or more in the case of whisky, or two years or more in the case of brandy, and is in every respect eligible to be blended without payment of the rectification tax, as authorized by law. The officer will likewise examine the tank or tanks into which the whisky or brandy is to be dumped to insure that they do not contain any spirits, coloring, flavoring, or other substance.* (Sec. 2801 (c) (1), I.R.C.)

§ 190.227 *Supervision of operations.* After the officer has completed his examination of the whisky or brandy and the tanks and other equipment, and if satisfied in every respect, he will notify the rectifier that he may proceed with the blending. The officer will supervise the blending of the whiskies or brandies and the reduction of the proof thereof, and upon completion of same will note on each copy of the application that the whisky or brandy was blended and reduced in proof (if reduced) under his supervision, in accordance with the application. The Government officer will then deliver both copies of the application to the rectifier, who will attach a copy to each Form 122 covering the gauge of the spirits, retain one copy of Form 122 with a copy of the application attached, and forward the other copy to the district supervisor.* (Sec. 2801 (c) (1), I.R.C.)

§ 190.228 *Bottling.* If the blended whisky or brandy is to be bottled an accurate gauge thereof in the bottling tank will be made and reported on Form 237, in duplicate if it is to be bottled directly from such bottling tank, and in triplicate if it is to be transferred to a contiguous tax-paid bottling house or rectifying plant for bottling. (See Article XXX.) The Government officer approving the form will note in the approval statement thereof "Except from tax under section 2801, I.R.C."* (Sec. 2801 (c) (1), I.R.C.)

§ 190.229 *Packaging.* If the blended whisky or brandy is to be drawn off into packages, an accurate gauge of each package will be made and the details thereof reported on Form 237, in triplicate, as provided in Article XXX. The Government officer approving the form will note in the approval statement thereof, "Exempt from tax under section 2801, I.R.C." The collector will issue class A (No money value) rectifier's stamps for the packages, and will note in the proper column of each copy of Form 237 the serial number of the stamp to be attached to each package. (See Article XXX.)* (Secs. 2801 (c) (1), 2861, I.R.C.)

§ 190.230 *Removal of blended whisky or brandy.* Upon being bottled or packaged and stamped, the blended whisky or brandy must be immediately removed to the finished products room. Upon removal of the whisky or brandy to the finished products room, or the transfer thereof to a contiguous tax-paid bottling house or rectifying plant for bottling, Form 237 will be completed and disposed of as provided in Article XXX.* (Sec. 2801 (c) (1), I.R.C.)

§ 190.231 *Failure to observe conditions.* Any blending of such whisky or brandy without supervision of a Government officer as outlined above, or with the addition of any coloring, flavoring, or other substance, or if reduced below 90 proof, will necessitate payment of the rectifying tax.*

Taxable Blending of Spirits

§ 190.232 *Blending constitutes rectification.* Except as provided in section 190.221, any blending of two or more heterogeneous spirits by a rectifier constitutes taxable rectification. For example, the dumping together of spirits produced from different materials, or by different distillers or from different combinations of the same materials at less than 190 degrees proof, or of different ages or blends or rectifications (except as hereinafter provided in section 190.351), or which differ in kind according to the standards of identity established under the Federal Alcohol Administration Act, or which differ more than 10 degrees in proof, or which are not homogenous, will constitute taxable rectification. Likewise, the dumping together of spirits stored in new charred cooperage with spirits stored in plain or reused cooperage, or the mixing of spirits that have been quick-aged or treated with wood chips with spirits not so processed, or the mixing of spirits that have been subjected to any treatment which changes their character with spirits not so treated, will constitute taxable rectification, unless it is established by chemical analysis or organoleptic examination that the composition of the spirits is the same, notwithstanding the storage in different kinds of cooperage or the treatment of a portion of the spirits.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.233 *Dumping for convenience in bottling.* The term "blending" shall not be construed to include the dumping together, for convenience in bottling, of distilled spirits within the descriptions and limitations specified in § 190.351. The spirits so dumped together must be, in fact, of the same composition or character and the purpose of the dumping must be solely for convenience in bottling. The regular dumping together of spirits of different ages, or different blends or rectifications, at the time of bottling is indicative of blending (rectification), and will be made the subject of appropriate inquiry by the district supervisor to determine whether the mass of spirits dumped together is homogeneous with each of its component parts.*

Quick-Aging

§ 190.234 *Constitutes rectification.* The "quick-aging" of spirits by rectifiers constitutes rectification and necessitates payment of the rectifying tax.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.235 *Quick-aging processes.* The use of any physical or chemical process or any apparatus which accelerates the maturing of the spirits, such as the placing of wood chips in a barrel of whisky by a rectifier, or the application of heat in a barrel by means of a steam coil or other heating device, will subject the spirits to the rectifying tax of 30 cents per proof gallon. Where tax-paid spirits are artificially heated in any manner to a temperature above 80 degrees Fahrenheit, such action is regarded as heating the spirits for the purpose of accelerating the aging process, and will subject the spirits to the rectifying tax.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.236 *Quick-aging containers.* "Quick-aging" may be done by the rectifier pursuant to an approved formula and process only, either in the designated processing tanks or in portable containers, such as barrels and kegs, which need not be permanently marked as in the case of stationary processing tanks, but each such barrel or keg must be marked as provided in § 190.38.*

§ 190.237 *Quick-aging as part of rectifying process.* Where spirits are blended, purified, or refined, or otherwise rectified, and then quick-aged, only one rectification tax will be incurred if the blending, purifying, refining, etc., and "quick-aging" are continuous and the quick-aging is a part of the approved formula and process. Where the process is not continuous and the approved formula and process do not include the quick-aging of the spirits, two rectification taxes must be paid, one at the time of blending, purifying, refining, etc., and another upon completion of the "quick-aging" process. For example, if spirits are blended in a processing tank and then drawn off into barrels which are immediately placed in the quick-aging room and subjected to a quick-aging process, the rectification tax need not be paid until the "quick-aging" process has been completed, provided such process is included in the approved formula and process. However, if spirits are blended and later "quick-aged," both operations not being continuous and not included in an approved formula and process, such procedure would constitute two processes of rectification and necessitate payment of the rectifying tax for each process.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.238 *Completion of process; destruction of materials.* Upon completion of the approved process the spirits must be immediately (1) packaged, gauged, tax-paid, stamped, and removed to the finished products room, or (2) transferred to a bottling tank, gauged, tax-paid, and (a) bottled and removed to the finished products room or (b) conveyed by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling. Materials, such as wood chips, used in a quick-aging process must, upon removal from the process, be burned on the premises of the rectifying plant, or, if such burning is not practicable, treated with kerosene before removal from the premises. Where kerosene is used, it must be sprayed or sprinkled on the materials, using not less than 1 gallon of kerosene to each 100 pounds of materials, in such manner as to preclude the abstraction of potable spirits from any part of the materials after removal from the premises. This will be effected by stirring or agitating the materials while the kerosene is being applied. Such burning or treating of materials must be done under the supervision of a Government officer. The Commissioner may authorize any other disposition of the materials that will effectively prevent recovery of spirits therefrom.* (Secs. 2800 (a) (5), 2861, I.R.C.)

Compounding

§ 190.239 *Constitutes rectification.* The compounding of spirits or wines through the mixing of any coloring, flavoring, or other material (including carbon dioxide) with either distilled spirits or wines for sale as such, or as another product, such as a cordial or liqueur, constitutes rectification and necessitates payment of the rectifying tax thereon, except where cordials or liqueurs subject to tax under § 3030 (a), I.R.C., as provided in Article XXIX, are manufactured. Compounding must be done in the rectifying room in the processing tanks or other suitable vessels appropriately marked (see Article X). Compounding must likewise be done in accordance with the formula and process submitted by the rectifier, as provided in Article XXI.* (Secs. 2800 (a) (5), 2801 (c) (1), 3254 (g), I.R.C.)

§ 190.240 *With fruits, berries, etc.* The steeping or soaking of fruits, such as apricots, peaches, etc., or of berries, such as sloe berries, juniper berries, etc., or of aromatic herbs, roots, seeds, etc., in spirits or wines by rectifiers constitutes rectification and necessitates payment of the rectifying tax on the finished product.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.241 *With sugar, caramel, essences, etc.* The addition of sugar, dextrose, rock candy, or any sweetening materials, or of essences, extracts, or other flavoring materials, or of any coloring material, such as caramel, to spirits or wines by a rectifier, regardless of quantity, constitutes rectification and necessitates payment of the rectifying tax on the finished product, unless such product is a liqueur or cordial subject to tax under section 3030 (a), I.R.C.* (Secs. 2800 (a) (5), 2801 (c) (1), 3254 (g), I.R.C.)

§ 190.242 *Mixing spirits and wine.* The mixing or compounding of distilled spirits and wine with each other by a rectifier constitutes rectification and necessitates payment of the rectifying tax. Where the rectified product is classed as wine and the taxable grade of the wine is increased by the addition of the distilled spirits thereto, additional tax due on the wine according to its new grade must be paid as well as the rectification tax, as provided in Article XXIX. Likewise where the volume of the wine is increased, wine tax must be paid on the additional gallonage, as provided in the following section.* (Secs. 2800 (a) (5), 3030 (a), 3254 (g), I.R.C.)

§ 190.243 *Increasing volume of wine.* Where wine is treated or compounded at a rectifying plant by the addition of sugar or a sugar solution or other material thereto, and the volume of the wine is increased by such treatment, wine tax must be paid on the additional gallonage, plus the rectification tax on the entire quantity. If, however, the wine is so treated as to convert it into a distinct product other than wine and it is not sold as wine, no additional wine tax will be due.* (Sec. 3030 (a), I.R.C.)

§ 190.244 *Artificial carbonation.* The artificial carbonating of spirits or wines constitutes rectification and necessitates payment of the rectifying tax. Where spirits or wines are subjected to some other process of rectification and are immediately thereafter carbonated and bottled, only one rectification tax will be incurred for the entire process, if the carbonation is included in the formula and process submitted by the rectifier; but if the spirits or wines are subjected to a specified rectifying process and are later carbonated, such will necessitate the payment of the rectifying tax twice on the spirits or wines involved.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.245 *Manufacture of distinct products.* Where a distinct product is manufactured, such as vermouth, champagne or sparkling wine, or artificially carbonated wine, which is subject to tax under section 3030 (a), I.R.C., such tax must be paid in addition to the rectification tax: *Provided,* That the rectification tax shall not attach to liqueurs or cordials containing sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, or apple wine, fortified with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, or apple brandy, respectively. (See Article XXIX.)*

§ 190.246 *Manufacture of intermediate products.* Where products, such as vermouth, blended whisky, compounded gin, etc., are compounded under an approved formula and process as an intermediate step in the manufacture of a specified finished product, such as a cocktail, sloe gin, etc., and such intermediate products are not made as finished products for sale but are retained in the processing room for use in further compounding under a specified process, tax will attach to the finished product only and not to the intermediate product. Where it is desired to manufacture an intermediate product for use in manufacturing a finished product with payment of tax on the finished product only, a separate formula and process must be filed for the intermediate product and for the finished product, and the intermediate product must be designated as such on the formula and process.*

§ 190.247 *Use of vermouth in manufacturing.* Where tax-paid vermouth is mixed with distilled spirits or other liquors in the manufacture of a cordial, liqueur, or similar compound, such cordial, liqueur, or similar compound will be subject to the rectifying tax of 30 cents per proof gallon, but will not be taxable under section 3030 (a), I.R.C., unless it contains fortified wine of the kind described in section 190.245 in addition to that used in the manufacture of such tax-paid vermouth. If, however, the vermouth is compounded with such fortified wine as an intermediate step in the manufacture of the cordial, liqueur, or similar compound, the finished product will be taxable under section 3030 (a), I.R.C.; but in such event the vermouth will not be subject to tax as such nor will the rectification tax attach to the cordial, liqueur, or similar compound, provided the manufacturing operation is continuous and is conducted in accordance with the formula and statement of process submitted by the rectifier.* (Secs. 2800 (a) (5), 2801 (c) (1), I.R.C.)

§ 190.248 *Completion of process.* Upon completion of the process of compounding or manufacturing where another product, such as a cordial or liqueur is made, the compounded liquor or product produced thereby must be tax-paid and removed to the finished products room or conveyed by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling. The proof-gallon content of such compounded liquors or products must be determined as set forth in Article XXX.*

Manufacture of Sparkling Wines

§ 190.249 *Statement of process.* Champagne and other sparkling wines may be manufactured by a rectifier from tax-paid domestic or imported wines. A statement of the exact process to be followed in manufacturing sparkling wines must be filed by the rectifier on Form 27–B Supplemental, as provided in Article XXI, and application made for extension of time in which to complete the process of manufacture, as provided in Article XXVIII. In view of the nature of the manufacturing process, a state-

ment as to the approximate period of manufacture will be acceptable.*

§ 190.250 *Dumping of still wine.* When the rectifier desires to dump still wine for bottling for champagne manufacture or for the manufacture of a sparkling wine of the champagne type by fermentation in bulk, he will submit Form 122, in duplicate, properly executed, to the Government officer assigned to the plant or to the district supervisor or officer designated by him, as the case may be, for approval, and the same procedure will be followed as in the case of the dumping of wines for rectification by other processes.*

§ 190.251 *Storage during manufacture.* The bottled wine will be kept in the champagne room during the process of manufacture into champagne or other sparkling wines, except that where the rectifying room is used exclusively for the manufacture of such wines, the bottled wine may be retained in the rectifying room during the manufacturing process.*

§ 190.252 *Records and reports.* Where the sparkling wine is to be manufactured by secondary fermentation within the bottle, the rectifier will, upon bottling the still wine, prepare a special report on Form 702A, in triplicate, properly modified as to the heading, and showing in Statement II the date, quantity, and alcoholic content of the still wines used and the number of bottles of each size filled. The rectifier will retain one copy of Form 702A and forward two copies to the district supervisor, who will keep one copy and forward one copy to the Commissioner. Thereafter, as long as sparkling wines are in the process of manufacture the rectifier will prepare a report thereof each month on Form 702A, in triplicate, one copy of which will be retained at the rectifying plant and two copies forwarded to the district supervisor enclosed with the rectifier's monthly report, Form 45. The rectifier will also make appropriate entries on Form 45 of the manufacture and disposition of all sparkling wines produced.* (Secs. 2855, 3170, I.R.C.)

§ 190.253 *Completion of process.* Upon completion of the process of manufacture, Form 237, properly modified, will be promptly prepared in triplicate, the rectifying and sparkling wine taxes will be paid and the sparkling wine will be removed to the finished products room as provided in Article XXX.*

Filtering

§ 190.254 *Taxable filtration.* Any filtering of distilled spirits or wines by rectifiers which purifies or refines and changes the composition or character of the spirits or wines constitutes rectification and necessitates payment of the rectifying tax of 30 cents per proof gallon. Such filtering must be done within the rectifying room and upon completion thereof the spirits or wines must be immediately (1) drawn into packages, gauged, tax-paid, stamped, and removed to the finished products room, or (2) transferred to a bottling tank, gauged, tax-paid, and (a) bottled and removed to the finished products room, or (b) conveyed by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling.* (Secs. 2800 (a) (5), 2861, 3254 (g), I.R.C.)

§ 190.255 *Filtering out solid matter.* Filtering which consists of merely removing foreign substances, such as particles of char, wood, or other extraneous solid matter which have got into the spirits or wines since manufacture, and which does not change the original character of the spirits or wines through removal of any congeneric substance, or change the composition, does not constitute rectification.*

§ 190.256 *Filtering out cloudiness.* The filtering of whisky, brandy, or rum for the removal of cloudiness due to the presence of finely pulverized or agglutinated charcoal or other extraneous matter does not constitute rectification, provided there is no change in the original composition or character of the spirits. However, the filtering out of congeneric substances, thereby changing the composition and character of the spirits, will constitute rectification.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.257 *Soluble matter held in solution.* The use of filters and filter-aids which will remove, change, or modify soluble matter held in solution in the spirits, thereby changing the composition or character of the spirits, will subject the product to the rectifying tax. Whether filtering changes the composition of the spirits by removal or modification of matter in solution is a question of fact determinable by chemical analysis of the spirits before and after filtration. Where there is doubt whether the filtering changes the composition of the spirits, samples should be taken of the spirits both before and after filtering and submitted to the Bureau chemist for examination.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.258 *Filtering as part of rectifying process.* Spirits may be purified or refined by filtering one or more times during the rectifying process without incurring more than one rectification tax, provided such filtering is done pursuant to an approved formula and process and the operation is continuous and unbroken. If the spirits or wines are subjected to a rectifying process and are then set aside, removed to the finished products room, etc., and later filtered in such a manner as to constitute rectification, such filtering will necessitate the payment of another rectifying tax on the spirits or wines involved. Likewise, when the process of rectification has been completed any further filtering which purifies or refines the spirits or wines through the removal of any congenerics, or which changes the original composition of the spirits or wines, will necessitate payment of another rectifying tax.* (Secs. 2800 (a) (5), 3254 (g), I.R.C.)

§ 190.259 *Clarification of wine.* The clarification of wine on the premises of a rectifier by filtering, sedimentation, or the addition of isinglass or similer clarifying substance, which does not change the composition of the wine is permissible, and such manipulation only does not involve the rectifier in any additional tax.*

Other Processes

§ 190.260 *Must conform to regulations.* Other rectifying processes must be conducted in conformity with these regulations. District supervisors will inform themselves fully regarding each process of rectification employed by rectifiers in their districts and will see that such is in conformity with these regulations and that the proper tax is paid in each case. Where the district supervisor is in doubt as to any rectifying process or as to the incurrence of rectification tax, he will submit the matter to the Commissioner.*

Article XXVIII—Time for Completion of Rectification

§ 190.261 *General limitation.* The rectifying process must be completed within 10 days from the date of the dumping of the spirits for rectification, unless a longer period is authorized by the Commissioner as hereinafter provided.*

§ 190.262 *Application required for extension.* Where the rectifier desires to employ a process of rectification which will extend over more than 10 days, thus necessitating the holding of the spirits in the rectifying room for such longer period, application in quadruplicate for approval of such extended process must be filed with the district supervisor, accompanied by Form 27–B Supplemental as provided in Article XXI. The rectifier must set forth fully in such application the reasons why the period of time specified for completion of the process is necessary.*

§ 190.263 *Inquiry by district supervisor.* Upon receipt of the application the district supervisor will make such inquiry as he may deem proper to determine the necessity for the extension of time desired for completion of the process, and whether approval thereof will jeopardize the revenue. He will then forward all copies of the application, with a copy of Form 27–B Supplemental attached to each, to the Commissioner with his findings and recommendation. If Form 27–B Supplemental is properly prepared and the extended process is approved, the form with the supporting application attached will be disposed of in the manner prescribed in Article XXI.*

§ 190.264 *Processes which may require extension.* Processes involving the steeping or macerating of fruits or herbs in spirits for flavoring may require more

than 10 days for completion. The retention in the rectifying room of rectified spirits, such as blended whiskies, cordials, etc., for a reasonable period to permit "settling" or "marrying" may be authorized. Tax-exempt products, such as distilled gin, or blended 4-year-old straight whiskies, or blended 2-year-old pure fruit brandies, so held must be kept in closed tanks under Government lock.*

Article XXIX—Commodity Taxes on Rectified Spirits and Products

§ 190.265 *Rectification tax.* Section 2800 (a) (5), I.R.C., imposes a tax of 30 cents on each proof gallon, and a proportionate tax at a like rate on all fractional parts of a proof gallon, on all distilled spirits and wines rectified, purified, or refined, in such manner, and on all mixtures produced in such manner, that the person so rectifying, purifying, refining, or mixing the same is a rectifier. (See Article IV.)*

§ 190.266 *Exemption from rectification tax.* The tax of 30 cents per proof gallon does not attach to gin produced by the redistillation of a pure spirit over juniper berries and other aromatics; to the mixing and blending of wines, where such blending is for the sole purpose of perfecting such wines according to recognized commercial standards; to cordials or liqueurs on which a tax is imposed by section 3030 (a), I.R.C.; nor to blends made exclusively of two or more pure straight whiskies aged in wood for a period of not less than four years and without the addition of coloring or flavoring matter or any other substance than pure water, and if not reduced below 90 proof; nor to blends made exclusively of two or more pure fruit brandies distilled from the same kind of fruit, aged in wood for a period not less than two years and without the addition of coloring or flavoring matter or any other substance than pure water, and if not reduced below 90 proof: *Provided,* That such blended whiskies and blended fruit brandies are compounded under the immediate supervision of a revenue officer in such tanks and under such conditions and supervision as herein provided. (See Article XXVII.)* (Secs. 2800 (a) (5), 2801 (c) (1), I.R.C.)

§ 190.267 *Vermouth.* Vermouth made at a rectifying plant, which is subject to the rectifying tax of 30 cents per proof gallon imposed by section 2800 (a) (5), I.R.C., is in addition thereto subject to the tax imposed upon vermouth by section 3030 (a) (1), I.R.C., which is as follows:

(a) On vermouth containing not more than 14 per centum of absolute alcohol, 5 cents per wine gallon, the per centum of alcohol to be reckoned by volume and not by weight;

(b) On vermouth containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 10 cents per wine gallon;

(c) On vermouth containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, 20 cents per wine gallon;

(d) All vermouth containing more than 24 per centum of absolute alcohol by volume (except vermouth containing tax-paid sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, or apple brandy) shall be classed as distilled spirits and shall be taxed accordingly.*

§ 190.268 *Liqueurs, cordials, etc., taxable under section 3030 (a) (2), I.R.C.* Section 3030 (a) (2), I.R.C., imposes a tax on certain products of rectification, as follows:

On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, or apple brandy, one and one-quarter cents on each one-half pint or fraction thereof. Liqueurs, cordials, and similar compounds on which a tax is imposed and paid under section 3030 (a) (2), I.R.C., are exempt from the 30-cent rectification tax. By "liqueurs, cordials, or similar compounds" is meant those products that contain not less than 2½ percent by weight of sweetening material and possess the taste, aroma, and characteristics generally attributed to liqueurs and cordials.*

§ 190.269 *Liqueurs, cordials, etc., taxable under section 2800 (a) (5), I.R.C.* Liqueurs, cordials, and similar compounds prepared with distilled spirits or with wines which are not fortified with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, or apple brandy, or which are prepared with distilled spirits and such wines, are subject to the rectification tax of 30 cents per proof gallon imposed by section 2800 (a) (5), I.R.C., but are not taxable under section 3030 (a) (2), I.R.C.*

§ 190.270 *Carbonated and sparkling wines.* The carbonating of *tax-paid wines,* either by secondary fermentation of the wine within the bottle or container or by charging the wine artificially with carbon dioxide, must be done at a rectifying plant. The carbonated wine is subject to the rectification tax of 30 cents per proof gallon, and, in addition thereto, the tax imposed by section 3030 (a) (2), I.R.C., upon sparkling wine, or artificially carbonated wine, as the case may be, must be paid. This tax is as follows:

(a) On each bottle or other container of champagne or sparkling wine, 2½ cents on each one-half pint or fraction thereof;

(b) On each bottle or other container of artificially carbonated wine, 1¼ cents on each one-pint or fraction thereof;

(c) Any of the foregoing articles containing more than 24 per centum of absolute alcohol by volume shall be classed as distilled spirits and shall be taxed accordingly.*

§ 190.271 *Gin.* Gin produced by a rectifier is exempt from the rectification tax of 30 cents per proof gallon *only if produced by the redistillation of a pure spirit over juniper berries and other aromatics.* If gin is otherwise produced or compounded, a rectification tax of 30 cents per proof gallon must be paid thereon. (See Article XXVII.)* (Sec. 2800 (a) (5), I.R.C.)

§ 190.272 *Blended wines.* Any blending of tax-paid wines by rectifiers, except the blending of domestic tax-paid wines for the sole purpose of perfecting such wines according to recognized commercial standards, subjects the resultant product to the 30-cent rectification tax. Where the taxable class of wine is increased by blending wines with each other, additional wine tax due on the blended wines must be paid, regardless of whether or not the 30-cent rectification tax is incurred by such blending. This additional wine tax represents the difference between the wine tax due on the blended wine under its new classification and the tax previously paid on the wines used for such blending. Section 3030 (a) (1), I.R.C., imposes a tax upon all still wines, and all artificial or imitation wines or compounds sold as still wine, at the following rates:

(a) On wines containing not more than 14 per centum of absolute alcohol, 5 cents per wine gallon, the per centum of alcohol to be reckoned by volume and not by weight;

(b) On wines containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 10 cents per wine gallon;

(c) On wines containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, 20 cents per wine gallon;

(d) All such wines containing more than 24 per centum of absolute alcohol by volume shall be classed as distilled spirits and shall be taxed accordingly.*

§ 190.273 *Compounded wines.* Except as provided in § 190.268, any rectifying, mixing, or compounding of tax-paid wine with tax-paid distilled spirits subjects the resultant product to the 30-cent rectification tax; and where the taxable class of wine is increased by the addi-

tion of distilled spirits thereto, additional tax due on the wine under its new classification must be paid as well as the rectification tax. (See Article XXVII)* (Secs. 2800 (a) (5), 3030 (a) (1), I.R.C.)

§ 190.274 *Increase in volume of wine.* Where the volume of wine is increased by the addition of sugar or a sugar solution or other material thereto, wine tax must be paid on the additional gallonage, plus the rectification tax on the entire quantity. (See Article XXVII)* (Secs. 2800 (a) (5), 3030 (a) (1), I.R.C.)

§ 190.275 *Distinct products.* Where the rectifying, mixing, compounding, or blending of wine results in the manufacture of a distinct product, such as vermouth or sparkling wine, the tax imposed upon such product must, as provided in §§ 190.267 and 190.270, be paid in addition to the rectification tax. (See Article XXVII)* (Secs. 2800 (a) (5), 3030 (a), I.R.C.)

Article XXX—Gauge, Return, and Tax-Payment of Rectified Spirits

Gauge of Rectified Spirits

§ 190.276 *Transfer to packages or bottling tank.* Rectified spirits will, upon completion of the process of rectification, be transferred to packages of a capacity of more than 1 wine gallon and not exceeding 130 proof gallons, or to a bottling tank, and gauged therein, except as provided in (1) § 190.284 in the case of certain special products, and in (2) § 190.318 in the case of certain wines, cordials and liqueurs.* (Sec. 2861, I.R.C.)

§ 190.277 *Filling of packages.* Packages of rectified spirits will be filled to capacity, except (1) where the Commissioner authorizes a certain wantage in each barrel for expansion of the spirits due to increase in temperature, and (2) where there are insufficient spirits at the end of operations to fill the last package, in which case such package will be partially filled as a remnant in accordance with the procedure prescribed in the Gauging Manual (26 CFR Part 186)* (Sec. 2861, I.R.C.)

§ 190.278 *Determining proof of unsweetened spirits.* The proof of distilled spirits and rectified spirits to which saccharine or other solid matter has not been added will be determined by the use of a standard hydrometer set provided by the rectifier in accordance with Article XX. In connection with the use of such instruments, rectifiers must provide themselves with the official Gauging Manual and follow closely instructions therein relative to the gauging of spirits.* (Sec. 2861, I.R.C.)

§ 190.279 *Determining proof of sweetened spirits, wines, etc.* The alcoholic content of blended whiskies containing sherry wine, prune juice, caramel, glycerine, etc., and of wines, cordials, liqueurs, and other rectified products containing saccharine or other solid matter will be determined by the use of an approved ebulliometer or a small still, provided by the rectifier in accordance with Article XX. When using such instruments rectifiers must follow closely the instructions furnished therewith, in order that accurate determinations may be made. Instructions relative to the use of small stills (or wine sets) and the Salleron-Dujardin, Juerst, and Lefco ebulliometers are also set forth in Part Three of Regulations 7, approved October 6, 1937 (26 CFR Part 178).* (Sec. 2861, I.R.C.)

§ 190.280 *Determining contents by weight.* Rectified spirits containing no saccharine or other solid matter which are transferred to portable packages or to a bottling tank mounted on scales will be gauged by weight in accordance with the official Gauging Manual to determine the wine-gallon and proof-gallon contents of the spirits. To this end accurate scales must be provided. Government officers will frequently test, by means of the test weights provided in accordance with § 190.32, the accuracy of the scales used for weighing packages. Scales used for weighing spirits in lots of not over 500 gallons in bottling tanks will be tested from time to time under the supervision of the storekeeper-gauger by means of the test weights provided in accordance with § 190.32 Such scales will be tested by placing the prescribed test weights upon the scales and checking the weight registered on the beam of the scales. The test weights will then be removed without disturbing the beam and the bottling tank filled with spirits or water to the same weight, whereupon the test weights will again be placed upon the scales, the spirits or water being retained in the tank, and the weight registered on the beam checked. This operation will then be continued until the scales have been checked in 500-pound notches at all weights for which the scales are used. Rectifiers will have scales used for weighing spirits in larger lots tested and their accuracy certified by State, county, or city departments of weights and measures at intervals of not more than six months. The storekeeper-gauger will not permit the use of any scales not so tested or which upon testing are found to be inaccurate.* (Sec. 2861, I.R.C.)

§ 190.281 *Determining contents by measure.* Rectified spirits transferred to a bottling tank not mounted on scales, and spirits, wines, cordials, liqueurs, and other rectified products containing saccharine or other solid matter, will be gauged by measure to determine the wine-gallon content (corrected to volume in accordance with Table 7 of the Gauging Manual); the proof-gallon content will then be determined by multiplying the wine-gallon content by the proof (pointed off in two decimal places) of the spirits. If the spirits, wines, cordials, liqueurs, and other rectified products containing saccharine or other solid matter are transferred to packages, the capacity of each package must be ascertained before the liquors are placed therein, or the quantity to be placed in each package must first be ascertained by actual measure in another vessel provided for that purpose.* (Sec. 2861, I.R.C.)

§ 190.282 *Accuracy required.* The proof of spirits, wines, or other liquors transferred to packages or bottling tanks at rectifying plants, and the wine-gallon and proof-gallon contents of the containers must be accurately determined by the rectifier. Where the actual proof of the contents of a container is found upon test to differ from the proof marked on the container, or where a package is found to contain a larger number of proof or wine gallons than is shown by the markings thereon, the container or package is liable to detention or seizure and forfeiture. When rectified spirits and products are gauged for tax-payment, the Government officer will verify the proof or alcoholic content and the quantity on which the tax is to be paid. Since the amount of tax to be paid on the spirits is determined by the proof-gallon content thereof, the officer should use care in verifying the proof, the weight or measure, and the wine-gallon and proof-gallon contents.* (Secs. 2804, 2861, I.R.C.)

§ 190.283 *Preparation of Form 237.* Form 237, "Notice of Completion of Rectification and Return of Rectified Spirits, Wines, or Other Liquors Gauged, Marked, and Stamped," will be prepared by the rectifier covering the gauge of each package or bottling tank filled with rectified spirits or products. All of the information called for on Form 237, as indicated by the headings of the various columns and lines and the printed instructions thereon will be given. Each Form 237 will be given a serial number beginning with 1 for the 1st day of January of each year and running consecutively thereafter to December 31.*

Return of Special Products

§ 190.284 *Exemption from processing or bottling requirements.* Where by reason of unusual processes employed in the rectification and bottling of special products, such as sparkling wines, rock and rye, gin ricky, etc., it is impracticable to manufacture the products in processing tanks equipped with glass gauges or other measuring devices, or to bottle the same from bottling tanks so equipped, the Commissioner may exempt the rectifier from such processing and bottling requirements.*

§ 190.285 *Application.* Rectifiers desiring to manufacture or bottle such special products under exemption from the regular processing or bottling requirements must file application for such exemption, in triplicate, with the district supervisor, setting forth in detail with respect to each such product the process of manufacture or bottling to be employed, and the necessity therefor.*

§ 190.286 *Action on application.* Upon receipt of the application, the district supervisor will make appropriate inquiry

and will then forward all copies of the application to the Commissioner, with his findings and recommendation. The Commissioner will indicate his approval or disapproval on all copies of the application and will return two copies to the district supervisor, who will retain one copy and forward the other copy to the applicant.*

§ 190.287 *Form 237, modified.* In any case in which such exemption is granted and it is impracticable to gauge the spirits and pay the tax prior to bottling in the usual manner, the tax shall be computed and paid on the contents of the bottles. When so bottled prior to tax-payment, Form 237, modified to fit the circumstances, will be prepared for each lot of such bottled special products upon completion of the bottling, except that where manufacture is completed after bottling, as in the case of champagne, Form 237 will be prepared upon completion of manufacture.*

Payment of Rectification Tax

§ 190.288 *Form 237.* Where the rectified spirits are subject to the rectification tax of 30 cents per proof gallon, Form 237 will be prepared in triplicate, except that an extra copy will be made where the transfer of spirits by pipe line to a contiguous tax-paid bottling house or rectifying plant is authorized, as provided in Article XXXII.*

§ 190.289 *Inspection of rectified spirits.* Except as provided in § 190.291, all copies of Form 237 will be submitted by the rectifier to the Government officer assigned to the rectifying plant, who will refer to Form 39, "District Supervisor's Record for Rectifiers," to determine whether the rectifier has a sufficient balance of lawful, tax-paid spirits previously dumped for rectification to cover the proof gallonage shown on the Form 237, as provided in Article XL, and will then inspect the rectified spirits. If Form 39 shows a sufficient balance to cover the proof gallonage shown on Form 237 and if, after inspection of the rectified spirits and verification of the entries on Form 237, the officer finds the details are correctly given on the form, he will sign his certificate on each copy thereof.*

§ 190.290 *Approval by officer assigned to plant.* If the officer assigned to the plant is satisfied that Form 237 covers lawful, tax-paid spirits and is correctly executed, he will, after ascertaining from the approved formula the rate of tax applicable, note his approval on each copy of the form, subject to payment of tax, filling in the date of approval and the tax or taxes to which the spirits are subject, as "Tax at 30 cents per proof gallon," "Tax at _____ cents per wine gallon," "Tax at _____ cents per half-pint or fraction thereof in each bottle," and "Tax at _____ cents per pint or fraction thereof in each bottle," as the case may be (see Article XXIX). The officer will then return all copies of Form 237 to the rectifier.*

§ 190.291 *Approval by district supervisor or designated officer.* Where an officer is not assigned to continuous duty at the rectifying plant, and is not available for approval of Form 237, the rectifier will submit all copies of such form to the district supervisor, or to an officer designated by him, for approval. Where Form 237 is to be so submitted for approval, Record 39 must be kept by the district supervisor or the designated officer, as the case may be. If Record 39 shows that the rectifier has a sufficient balance of lawful, tax-paid spirits to cover the proof gallonage shown by the Form 237, and if the form is properly prepared, the approving officer will note his approval on each copy thereof and return all copies to the rectifier.*

§ 190.292 *Remittance for tax.* Upon receipt of Form 237 duly approved, the rectifier will forward all copies to the collector with remittance for the tax due on the spirits. When payment of the tax on rectified products is to be denoted by stamps, as hereafter provided, the remittance will be in cash or by certified check or post office money order. If the issuance of stamps is not required, the collector may, in his discretion, accept uncertified checks in payment of the tax.* (Sec. 3656, I.R.C.)

Taxable Products in Packages

§ 190.293 *Spirits.* If Form 237 covers spirits (not including wines) in packages (barrels, kegs, or other containers holding more than 1 wine gallon and not exceeding 130 proof gallons each), the collector will issue a class B rectified spirits stamp, with proper coupons attached, for each package and will enter the serial numbers of the stamps in the proper column of Form 237, opposite the package for which the stamp is issued. The collector will retain one copy of Form 237 as his authority for issuing the stamps, and will return the other two copies to the rectifier with the stamps. The rectifier will immediately affix the stamps to the packages and cancel the same and mark the packages, as required by Articles XXXV and XXXVII. The Government officer will see that the proper tax-paid stamp is securely affixed to each package and canceled and that the package is properly marked. When the packages have been properly stamped and marked, the rectifier will remove them to the finished products room and mark on each copy of Form 237 the date of such removal. The rectifier will then forward one copy of the form to the district supervisor and will retain one copy on file at the plant, available for inspection by Government officers.* (Secs. 2861, 2862, I.R.C.)

§ 190.294 *Wines.* If Form 237 covers wines, the collector will execute the collector's certificate of tax-payment on each copy of Form 237, retain one copy for his files, and return the other two copies to the rectifier, who will immediately stencil the words "Rectification Tax Paid" on each package, mark the packages as required by Article XXXVII, and remove them to the finished products room. The rectifier will then note on each copy of Form 237 the date of such removal, and will forward one copy of the form to the district supervisor, and retain one copy on file at the plant available for inspection by Government officers.*

Taxable Products To Be Bottled

§ 190.295 *Certificate of tax-payment.* If Form 237 covers spirits in a bottling tank to be bottled, or wines, cordials, or liqueurs to be bottled in the wine bottling room from the processing receptacle in which compounded, the collector will execute the collector's certificate of tax-payment on each copy of Form 237, retain one copy for his files, and return the other two copies to the rectifier, who will attach one copy to the board provided therefor on the bottling tank, or to the door of the wine bottling room, as the case may be. The spirits will be bottled in accordance with procedure prescribed in Article XXXI.*

§ 190.296 *Disposition of Form 237.* Upon the completion of the bottling, the rectifier will execute the certificate of cases filled on Form 237, sign each copy and submit same to the Government officer, who will, after proper verification, sign and date the verification in the space provided therefor. The bottling tank or wine bottling room copy of the form will be retained at the rectifying plant, available for inspection by Government officers. The other copy will be forwarded immediately by the rectifier to the district supervisor.*

Taxable Spirits To Be Transferred by Pipe Line to Contiguous Tax-Paid Bottling House or Rectifying Plant

§ 190.297 *Certificate of tax-payment.* If Form 237 covers spirits in a bottling tank to be transferred by pipe line to a contiguous tax-paid bottling house or rectifying plant, the procedure for tax-paying the spirits will be the same as where the spirits are to be bottled, except that three copies of Form 237 will be returned by the collector to the rectifier. The extra copy of the form will be attached to Form 230 on the bottling tank in the contiguous tax-paid bottling house or rectifying plant, as evidence that the proper tax on the spirits therein has been paid. The spirits will be transferred in accordance with the procedure prescribed in Article XXXII.*

§ 190.298 *Disposition of Form 237.* Upon completion of transfer of the rectified spirits to the tax-paid bottling house or rectifying plant, there shall be entered on all copies of Form 237 a statement that the spirits described on such form have been transferred by pipe line to bottling tank No. _____ in the contiguous tax-paid bottling house or rectifying plant operated by _____, together with the date of such transfer

and the serial number of the Form 230 to which the extra copy of Form 237 is to be attached in the bottling house. After execution of such statement, the rectifier will submit the form to the Government officer, who will, after proper verification, sign and date the verification in the space provided therefor. The rectifier will retain his bottling tank copy of the form at the rectifying plant, available for inspection by Government officers, and will immediately forward one copy to the district supervisor.*

Taxable Special Products

§ 190.299 *Certificate of tax-payment.* Where the Commissioner has exempted the rectifier from the usual processing and bottling requirements in connection with the manufacture of champagne or other sparkling wines, artificially carbonated wines, or other special products, as provided in § 190.284, and it is impracticable to gauge the spirits and pay the tax prior to bottling in the usual manner, the 30-cent rectification tax will be paid upon completion of the bottling or, if the bottling is only a step in manufacture, upon completion of the manufacture. The rectifier will prepare Form 237, in triplicate, modified to fit the circumstances, and the same procedure will be followed in paying the tax as that prescribed in the case of products to be bottled from bottling tanks. Upon receipt of two copies of Form 237 from the collector with collector's certificate of tax-payment executed, and upon payment of the tax due (if any) under section 3030 (a), I.R.C., as provided in § 190.308, the products will be removed to the finished products room.*

§ 190.300 *Disposition of Form 237.* Upon removal of the product to the finished products room, the rectifier will enter on each copy of Form 237 a statement that the product described on the form has been tax-paid and removed to the finished products room. The rectifier will sign each copy of Form 237 and submit same to the Government officer, who will, after proper verification, sign and date the verification in the space provided therefor, and return both copies to the rectifier. The rectifier will forward one copy of Form 237 to the district supervisor and retain one copy on file at the plant, available for inspection by Government officers.*

Partially Rectified, Taxable Products

§ 190.301 *Determination of tax liability.* Where the rectifier desires to remove partially rectified, taxable products, the taxes due thereon must be paid prior to removal of the products from the rectifying room, in the same manner as completely rectified products are tax-paid. If the partially rectified products are such as are subject to tax under section 3030 (a), I.R.C., in lieu of or in addition to the rectification tax, the rectifier must append to each copy of Form 237 a precise statement as to the extent to which the products have been rectified and as to their present character, in order that the taxes due thereon may be determined. Products subject to tax under section 3030 (a), I.R.C., in lieu of the rectification tax will be so tax-paid, unless the process of manufacture has not been sufficiently completed to bring them within the classification of such articles, in which event the products will be subject to the rectification tax. If the products are such as to be subject to both the rectification tax and tax under section 3030 (a), I.R.C., both such taxes must be paid, unless the process of manufacture has not been sufficiently completed to bring them within the classification of such articles, in which event they will be subject to the rectification tax only. The Government officer will verify the extent of rectification and the present character of the partially rectified products and will forward the Forms 237 with his report to the district supervisor. If the district supervisor is in doubt as to the amount of tax due on the products, he will submit the matter to the Commissioner for a ruling.*

§ 190.302 *Stamping and marking packages.* Where partially rectified products, subject to the rectification tax, are transferred to packages for removal, the rectification tax due thereon will be paid pursuant to Form 237, and class B rectified spirits stamps will be issued for and affixed to the packages of spirits and the words "Rectification Tax Paid" will be stenciled on packages of wine, in accordance with the procedure prescribed hereinbefore in the case of the tax-payment of completely rectified spirits and wines in packages. If the products are not subject to rectification tax, class A rectified spirits stamps will be issued for and affixed to the packages of spirits and the words "Rectification Tax Exempt" will be stenciled on packages of wine. If the products are subject to tax under section 3030 (a), I.R.C., wine stamps will be affixed to the packages. The packages will be marked as provided in Article XXXVII, and, if shipped to another rectifier for further rectification, there will be securely affixed to the Government head of each package a label showing (1) that the product is partially rectified, (2) the formula under which the product was partially rectified, and (3) the extent to which the product has been treated.* (Secs. 2861, 2862, I.R.C.)

§ 190.303 *Transfer to another rectifier.* Where partially rectified, taxable products are transferred to another rectifying plant, after tax-payment in accordance with § 190.301, they will, upon receipt at the receiving plant, be placed in the receiving room of such plant and dumped for further rectification or for bottling, pursuant to approved Forms 122 or Forms 230, as the case may be. Where the products are subjected to any further rectifying treatment or process at the receiving plant, additional rectification tax must be paid thereon: *Provided, however,* That where the product manufactured by the additional rectifying process is subject to tax under section 3030 (a), I.R.C., in lieu of the rectification tax, and the tax levied by such section was not paid on the product at the time of removal from the first rectifying plant, tax will be paid under such section in lieu of the rectification tax. If tax was paid on the products under section 3030 (a), I.R.C., either in lieu of or in addition to the rectification tax, at the time of partial rectification and the products are subjected to further rectification at the receiving plant, a second rectification tax must be paid thereon.*

§ 190.304 *Transfer to successor.* Where the rectifier desires to transfer partially rectified products to a successor at the same premises, the procedure prescribed in Article XLIV will be followed.*

Products exempt from rectification tax

§ 190.305 *Spirits and wines in packages.* Where the rectified spirits or products (not including wines) are not subject to the 30-cent rectification tax and are filled into packages, Form 237 will be prepared in triplicate and the same procedure will be followed as in the case of such spirits or products subject to the rectification tax, except that (1) the officer approving the form will, if the spirits or products are exempt from tax, make the notation "No tax due" on each copy, (2) the rectifier will send no remittance to the collector when submitting the approved forms to him, and (3) the collector will issue no-value class A rectified spirits stamps for the packages. The same procedure will be applicable where the rectifier desires to remove tax-free blended wines in packages, except that Form 237 will be prepared in duplicate and in lieu of forwarding such form to the collector for the issuance of no-value class A stamps, the rectifier will stencil the words "Rectification Tax Exempt" on each package.* (Secs. 2861, 2862, I.R.C.)

§ 190.306 *Approval of bottling tax-exempt products.* Where rectified spirits or products are not subject to the 30-cent rectification tax and are transferred directly to a bottling tank for bottling, or to the wine bottling room for bottling from the processing receptacle in which compounded, as provided in Article XXXI, Form 237 will be prepared in duplicate, and the same procedure will be followed as in the case of bottling of spirits or products subject to the rectification tax, except that (1) the officer approving the form will, if the spirits or products are exempt from tax, make the notation "No tax due" on each copy, and (2) none of the forms will be sent to the collector.*

§ 190.307 *Approval of pipe-line transfer of tax-exempt products.* Where rectified spirits or products are not subject to the 30-cent rectification tax and are

transferred directly to a bottling tank for conveyance by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling, Form 237 will be prepared in triplicate and the same procedure will be followed as in the case of the transfer by pipe line to a contiguous tax-paid bottling house or rectifying plant of products subject to the rectification tax, except that (1) the officer approving the form will, if the products are exempt from tax, make the notation "No tax due" on each copy, and (2) none of the forms will be sent to the collector.*

Payment of Tax Under Section 3030 (a), I. R. C.

§ 190.308 *Time of payment.* Where rectified products subject to tax under section 3030 (a), I.R.C., in lieu of or in addition to the 30-cent rectification tax, are manufactured, the taxes due under section 3030 (a), I.R.C., will be paid at the time the products are removed from the rectifying room. The 30-cent rectification tax, if due, will be paid in accordance with the procedure prescribed in sections 190.288 to 190.292, inclusive.*

§ 190.309 *Payable by use of wine stamps.* Wine stamps for the payment of taxes due under section 3030 (a), I.R.C., will be provided in the denominations specified in section 190.385, and such stamps will be affixed to the packages or cases and canceled as provided in section 190.387.* (Sec. 3030 (b), I.R.C.)

§ 190.310 *Purchase of wine stamps.* Such wine stamps will be purchased by the rectifier only from the collector of the district in which the rectifying plant is located. Stamps may not be purchased by one rectifier from another, nor from winemakers or any other person than the collector.*

§ 190.311 *Form 427–B.* With each purchase of such stamps the rectifier will submit to the collector Form 427–B properly filled out. Collectors will refuse to issue stamps where such form is not submitted. Forms 427–B will be filed in the collector's office so that all purchases of stamps may be verified at any time.*

§ 190.312 *Record and report.* A record and report showing wine stamps purchased and used in paying taxes due under section 3030 (a), I.R.C., will be made by the rectifier on Form 45.*

Article XXXI—Bottling of Rectified Spirits and Products

§ 190.313 *Bottling tank to be used.* Except as provided in sections 190.284 and 190.318, all rectified spirits or products to be bottled will be transferred to an approved bottling tank and an accurate gauge thereof made and reported on Form 237, as provided in Article XXX. Rectified spirits and products may be bottled only after approval of Form 237 by the Government officer assigned to the rectifying plant, or by the district supervisor or an officer designated by him, and, if the spirits and products are subject to the rectification tax, upon payment of such tax to the collector of the district.*

§ 190.314 *Request to open inlet of bottling tank.* When a rectifier desires to transfer spirits to a bottling tank, and the inlet thereof is locked, he will request the Government officer to unlock the inlet of the tank to permit the transfer of the spirits thereto. Where a Government officer is not assigned to continuous duty at the rectifying plant, and is not available, the rectifier will request the district supervisor to detail an officer to the duty.*

§ 190.315 *Transfer of spirits to bottling tank.* At the time of opening the inlet to the bottling tank the Government officer will lock the outlet thereto, which must remain locked until the spirits have been transferred to the bottling tank, the inlet locked, the quantity of spirits in the bottling tank determined, Form 237 prepared and approved, and the rectification tax due, if any, paid to the collector in accordance with the procedure prescribed in Article XXX.*

§ 190.316 *Release of spirits from tank.* Upon presentation by the rectifier of Form 237 in the case of spirits subject to rectification tax, the Government officer will, if the form bears the collector's certificate of tax-payment and agrees with the contents of the bottling tank, open the outlet of the tank and permit the spirits to be bottled. If Form 237 covers spirits exempt from rectification tax, the Government officer will, upon presentation of the form to him, execute his certificate and the approval statement on the form (unless previously approved), and if the form agrees with the contents of the bottling tank he will open the outlet of the tank and allow the spirits to be bottled. The inlet of the bottling tank will remain locked until all spirits within the tank have been bottled and the outlet has been locked. Form 237 will then be completed and disposed of as provided in Article XXX.*

§ 190.317 *Filling tank in officer's absence.* Where a Government officer, who is not assigned to continuous duty at the rectifying plant, is present thereat after the bottling of a lot of spirits has been completed, he will lock the outlet and open the inlet of the bottling tank. When such is done, the tank may be filled in the absence of the Government officer, Form 237 prepared, and, if the officer is not available for approval of the form, it may be presented to the district supervisor or designated officer, and upon approval thereof the tax due, if any, paid to the collector.*

§ 190.318 *Bottling from processing receptacle.* Where authorized by the district supervisor, wines and certain cordials and liqueurs that require bottling from the processing receptacle in which compounded may be so bottled in the wine bottling room, provided for the purpose in accordance with § 190.24 (c). A rectifier desiring to so bottle such liquors must request approval of the district supervisor in writing, describing the liquors and showing the necessity for bottling same from the processing receptacle. The district supervisor will authorize the bottling from processing receptacles of only those wines, cordials and liqueurs which it is impracticable to bottle from the prescribed bottling tank.*

§ 190.319 *Transfer of products to wine bottling room.* Where the rectifier desires to bottle from processing receptacles wines, cordials, or liqueurs authorized to be so bottled, such receptacles will be placed in the wine bottling room, an accurate gauge made of the contents, Form 237 prepared and approved, and the tax thereon paid, as provided in Article XXX. The wine bottling room will be locked by the Government officer with a Government lock pending payment of the rectification tax, if any, and bottling.*

§ 190.320 *Release of products from wine bottling room.* Upon presentation by the rectifier of Form 237 in the case of products subject to the rectification tax, the Government officer will, if the form bears the collector's certificate of tax-payment and agrees with the contents of the receptacles, permit the products to be bottled. If the Form 237 covers products exempt from rectification tax, the Government officer will, upon presentation of the form to him, execute his certificate and the approval statement on the form (unless previously approved), and if the form agrees with the contents of the receptacles he will permit the products to be bottled. Form 237 will be completed and disposed of as provided in Article XXX.*

§ 190.321 *Separate Form 237 for each lot.* A separate Form 237 must be prepared for each lot of spirits bottled and the same procedure will be followed for each lot. Where more than one bottling tank is provided, one lot of spirits may, however, be run into more than one bottling tank.*

§ 190.322 *Separate bottling of taxable and tax-exempt spirits.* Spirits subject to tax, and spirits not subject to tax, may not be bottled at the same time in the rectifying plant, unless two or more complete and separate bottling units are provided and one or more of such units are used exclusively for each type of bottling and the products are kept completely separate and apart.*

§ 190.323 *Unauthorized bottling forbidden.* Spirits may not be bottled from any vessel, tank, or receptacle other than a designated and approved bottling tank, except as otherwise provided in sections 190.284 and 190.318; nor may spirits be bottled without notice to the Government officer assigned to the rectifying plant or the district supervisor, as required herein.* (Sec. 3173 (b), I.R.C.)

§ 190.324 *Completion of bottling.* When the contents of a bottling tank are not completely bottled at the close of the day the rectifier shall enter on the

copy of Form 237 attached to the bottling tank the total quantity bottled that day from such tank, giving all the information required by the form. The Form 237 shall be kept on the tank until the entire contents are bottled. Upon completion of the bottling the rectifier will remove Form 237 from the bottling tank and such form will then be completed and disposed of as provided in Article XXX.*

§ 190.325 *Remnants.* Where, upon the completion of bottling, there remain bottles less than the number necessary to fill a case, such bottles will, after being stamped and labeled in accordance with these regulations, be removed to the finished products room, where they will be used for filling orders for less than a full case of such spirits, or, when a sufficient number of such bottles have been accumulated, they may be placed in regular cases. Appropriate notation will be made on Form 237 and Form 45 to show the quantity removed to the finished products room as a remnant.*

§ 190.326 *Liquor bottles.* The proprietor of a rectifying plant must comply with the provisions of Regulations 13 (26 CFR Part 175), respecting the use of liquor bottles and other containers. Marked liquor bottles may not be used for packaging wines containing 24 per centum or less of alcohol by volume, or products manufactured with such wines, unless such products contain distilled spirits other than those used in fortifying the wine.* (Sec. 2871, I.R.C.)

§ 190.327 *Red strip stamps.* The proprietor of a rectifying plant must affix over the mouth of each bottle of distilled spirits and compounds containing distilled spirits filled at his plant, except distilled spirits bottled especially for export with benefit of drawback, a red strip stamp, as provided in Article XXXV. Red strip stamps shall not be affixed to bottles of wines containing 24 per centum or less of alcohol by volume, or products manufactured with such wines, unless such products contain distilled spirits other than those used in fortifying the wine.* (Sec. 2803, I.R.C.)

§ 190.328 *Labels for distilled spirits.* The labels used by rectifiers on bottles of distilled spirits and compounds containing distilled spirits must be covered by a "Certificate of Approval of Labels of Domestically Bottled Distilled Spirits," or a "Certificate of Exemption from Label Approval for Distilled Spirits," issued under the Federal Alcohol Administration Act, as provided in Article XXXVI. Labels covered by a certificate of exemption from label approval affixed to bottles of a capacity of one-half pint or more but not exceeding 1 gallon, in which distilled spirits or compounds containing distilled spirits are packaged for sale at retail, must conform to the provisions of Regulations 13 (26 CFR Part 175).* (Sec. 2871, I.R.C.)

§ 190.329 *Labels for wines.* The labels used by rectifiers on bottles or packages of wines must be covered by a "Certificate of Approval of Labels of Wine Domestically Bottled or Packed," or a "Certificate of Exemption from Label Approval for Wine," issued under the Federal Alcohol Administration Act. Each bottle in which wine is packaged by a rectifier must bear a securely affixed label showing (1) the name and address of the rectifier; (2) the kind of wine; (3) the alcoholic content by volume, except that if not over 14 per cent it may be so stated; and (4) the net contents of the bottle, unless legibly blown in the bottle: *Provided,* That where the wines are bottled for a dealer under a certificate of exemption from label approval, the name and address of such dealer may be substituted for the name and address of the rectifier, if the name and address of the dealer are preceded by the words "Bottled for" or "Bottled expressly for" and the number of the rectifying permit of the rectifier is shown on the label. A separate label showing the data specified in the previous sentence need not be affixed to the bottle if such data is shown on the label covered by the certificate issued under the Federal Alcohol Administration Act.* (Sec. 3040, I.R.C.)

§ 190.330 *Removal to finished products room.* Upon completion of bottling, the filled bottles, with labels and red strip stamps (where required) properly affixed, must be placed in cases marked in accordance with Article XXXVII, the filled cases then sealed and stamps representing tax (if any) due under section 3030 (a), I.R.C., attached thereto and canceled as provided in Article XXXV, after which such cases must be immediately removed to the finished products room: *Provided,* That the district supervisor may authorize the rectifier to remove to the finished products room, for storage therein pending the receipt of orders, affixing of brand labels or State stamps, or for other acceptable reasons, a reasonable number of unsealed cases of spirits in bottles bearing strip stamps and labels fully describing the contents, upon condition that the brand labels, if missing, will be affixed and the cases sealed before shipment.*

§ 190.331 *Record, Form 45.* The rectifier will enter on Part 3 of Form 45 all rectified spirits and products bottled at his rectifying plant, as provided in Article XXXIX.*

Article XXXII—Transfer of Rectified Spirits by Pipe Line From Rectifying Plant to Contiguous Tax-Paid Bottling House or Rectifying Plant for Bottling

§ 190.332 *Commissioner may authorize.* The Commissioner may, in his discretion, authorize the transfer of rectified spirits by pipe line from the bottling tanks in the rectifying plant to bottling tanks in a contiguous tax-paid bottling house or rectifying plant for bottling.*

§ 190.333 *Application.* A rectifier who desires to transfer rectified spirits by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling, must file application, in triplicate, with the district supervisor, showing the relative position of the plants and the ownership thereof, and giving a description of the proposed pipe line and the reasons why it is desired to transfer rectified spirits to the contiguous tax-paid bottling house or rectifying plant for bottling.*

§ 190.334 *Action on application.* Upon receipt of the application the district supervisor will make such inquiry as he may deem necessary to determine the propriety of granting the permission sought, and will then forward all copies of the application to the Commissioner with his recommendation thereon. The Commissioner will indicate his approval or disapproval on all copies of the application and will return two copies to the district supervisor, who will retain one copy and forward the other copy to the applicant. Where the application is approved, the rectifier will, upon installation of the pipe line, file amended rectifier's notice, Form 27–B, and plans as provided in § 190.117 in the case of major changes in equipment and an amended plat.*

§ 190.335 *Request for transfer of spirits.* Where the transfer of rectified spirits by pipe line from bottling tanks in the rectifying plant to bottling tanks in the contiguous tax-paid bottling house or rectifying plant is authorized, the rectifier will, whenever he desires to so transfer spirits, submit Form 237 to the Government officer and request him to unlock the valve in the pipe line and to supervise the transfer of the spirits. Where the spirits to be transferred are subject to tax, the officer will not permit the transfer thereof to the bottling tanks in the contiguous tax-paid bottling house or rectifying plant unless all tax due has been paid.*

§ 190.336 *Transfer of spirits.* When spirits are to be so transferred the Government officer will see whether the contents of the bottling tank agree with the Form 237, and if found in agreement, and if all taxes due on the spirits have been paid, he will unlock the valve or valves in the pipe line controlling the flow of spirits to the bottling tanks in the contiguous tax-paid bottling house or rectifying plant and permit the rectifier to transfer the spirits under his supervision. Immediately the spirits have been transferred, the proprietor will close the pipe line valve or valves and the Government officer will apply the Government locks thereto. Form 237 will be completed and disposed of as provided in Article XXX.*

Article XXXIII—Rectification and Bottling of Distilled Spirits and Wines Especially for Export With Benefit of Drawback

§ 190.337 *General.* Under the law, (1) any distilled spirits and wines on which the internal revenue tax has been paid may be rectified and bottled especially for export at a rectifying plant or

rectified at a rectifying plant for bottling especially for export by a qualified bottler other than the rectifier, and (2) unrectified domestic distilled spirits and wines on which the internal revenue tax has been paid may be bottled especially for export in a rectifying plant.* (Sec. 3179 (b), I.R.C.)

§ 190.338 *Extent of drawback allowance.* Upon the exportation of distilled spirits and wines so manufactured or produced and tax-paid in the United States and bottled especially for export, there may be allowed a drawback equal in amount to the tax found to have been paid thereon.* (Sec. 3179 (b), I.R.C.)

§ 190.339 *Procedure.* The rectification and bottling of distilled spirits and wines especially for export, the rectification of distilled spirits and wines to be bottled especially for export by a qualified bottler other than the rectifier, the bottling of unrectified domestic distilled spirits and wines especially for export, the storage pending exportation of distilled spirits and wines bottled especially for export, the exportation of the spirits or wines, including the lading thereof on vessels for use as ship's supplies and on aircraft for use as aircraft's supplies, and the allowance of drawback thereon shall be in accordance with the provisions of the regulations governing the subject (26 CFR Part 176).* (Sec. 3179 (b), I.R.C.)

Article XXXIV—Bottling of Unrectified Spirits and Wines

§ 190.340 *Application, Form 230.* Proprietors of rectifying plants desiring to bottle tax-paid distilled spirits or wines without rectification will execute application on Form 230, in duplicate, giving all of the data called for by the form, as indicated by the headings of the columns and lines and the instructions printed thereon. Each Form 230 will be given a serial number beginning with 1 for the 1st day of January of each year and running consecutively thereafter to December 31.* (Sec. 2801 (e) (2), I.R.C.)

§ 190.341 *Gauge.* When preparing application for the dumping of spirits for bottling without rectification, the rectifier will enter in the space provided therefor on Form 230 the details of the withdrawal gauge for tax-payment. An actual gauge of the spirits dumped will, however, be made in the bottling tank after they have been reduced to bottling proof and before they are released by the Government officer for bottling, and the details of such gauge will be entered in the space provided therefor on the form. Where spirits are to be bottled from the original package, as provided in § 190.347, the details of the withdrawal gauge for tax-payment will likewise be entered on Form 230 at the time the application is prepared, but an actual gauge will be made after reduction of the spirits to bottling proof and before the bottling begins, and the details of such gauge will also be entered on the form.*

§ 190.342 *Scalping stamps.* The rectifier will cut out with a sharp instrument that portion of the tax-paid stamp, rectified spirits stamp, customs stamp, or wholesale liquor dealer's stamp on each package of spirits to be bottled without rectification, which is required to be cut out at the time spirits are dumped for rectification, as provided in Article XXVI. The cut-out portions of the stamps will be securely attached to a slip of paper in such manner that the data thereon may be readily examined and such slip of paper bearing the cut-out portions of the stamps will be securely attached to the original Form 230.*

§ 190.343 *Lost or mutilated stamps.* Where the stamp on a package of spirits to be dumped for bottling without rectification has been lost or mutilated, so that the required portion thereof cannot be returned, or where spirits received in tank cars bearing certificate of tax-payment, Form 1595, or where spirits in stamped bottles, or wines, are to be dumped for bottling without rectification, the same procedure will be followed as that prescribed in Article XXVI in the case of the dumping of spirits or wines from such containers for rectification.*

§ 190.344 *Approval by officer assigned to plant.* Except as provided in the following section, both copies of Form 230 will be submitted to the Government officer assigned to the plant for approval, with a request to unlock and lock the stopcocks on the bottling tank. The Government officer will examine the containers described on the form and the cut-out portions of the tax-paid stamps, or the affidavit or statement in lieu thereof, attached to one copy of the form, and if he finds that the spirits to be bottled have been lawfully tax-paid, and the forms are properly prepared, he will execute his certificate and the authorization for bottling, and return both copies to the rectifier.*

§ 190.345 *Approval by district supervisor or designated officer.* Where an officer is not assigned to continuous duty at the rectifying plant, and is not available for approval of Form 230, the form may be submitted to the district supervisor or designated officer for approval, accompanied by a request that an officer be detailed to unlock and lock the stopcocks on the bottling tank. The approving officer will examine the cut-out portions of the tax-paid stamps, or the statements, or affidavit and statement, in lieu thereof, attached to one copy of the Form 230, and if he finds that the spirits to be bottled have been lawfully tax-paid, and the forms are properly prepared, he will execute the authorization for bottling, return both copies to the rectifier, and detail an officer to perform the required duty.*

§ 190.346 *Transfer of spirits to bottling tank.* Upon approval of Form 230 by the storekeeper-gauger, district supervisor, or designated officer, as provided in §§ 190.344 and 190.345, the rectifier will dump the spirits and run them into an approved bottling tank, where, after reduction to the desired proof for bottling, he will gauge the same, enter the details of his gauge on all copies of Form 230 and attach one copy of the form to the bottling tank. Except as provided in the following section, all spirits bottled at a rectifying plant must be bottled from approved bottling tanks. Spirits may be bottled at a rectifying plant without rectification only after approval of Form 230 by the Government officer assigned to the plant or the district supervisor or a designated officer.*

§ 190.347 *Bottling from original package.* Where authorized by the district supervisor, wines and certain cordials and liqueurs that require bottling from the original package may be so bottled in the wine bottling room provided for that purpose. A rectifier desiring to so bottle such liquors must request approval of the district supervisor in writing, describing the liquors and showing the necessity for bottling the same from the original package. The district supervisor will authorize the bottling from the original package of only those wines, cordials, and liqueurs which it is impracticable to bottle from an approved bottling tank.*

§ 190.348 *Locking of bottling tank.* At the time of opening the inlet to bottling tank, the Government officer will lock the outlet thereof, which must remain locked until the spirits have been transferred to the tank, the inlet locked and the quantity of spirits in the tank determined. The inlet of the bottling tank will remain locked until all spirits within the tank have been bottled and the outlet has been locked.*

§ 190.349 *Transfer of products to wine bottling room.* Where the rectifier desires to bottle from the original package wines, cordials, or liqueurs authorized by the district supervisor to be so bottled, such packages will be placed in the wine bottling room and Form 230 will be prepared and submitted to the Government officer assigned to the rectifying plant, or to the district supervisor or designated officer, for approval; but no bottling will be done until the packages have been inspected by an authorized Government officer and an actual gauge of the spirits has been made after reduction thereof to bottling proof and the details of such gauge entered on Form 230. When wines, cordials, or liqueurs are to be bottled in the wine bottling room, the rectifier will attach one copy of the approved Form 230 to the door of such room.*

§ 190.350 *Rinsing of barrels; destruction of stamps, marks, etc.* When packages of spirits are dumped for bottling without rectification the provisions of §§ 190.192, 190.194, 190.195, and 190.238, respecting the destruction of stamps and marks and brands, the rinsing of barrels and wood chips contained therein, and the disposition of wood chips, when pack-

ages of spirits are dumped for rectification, shall be applicable.* (Sec. 2866, I.R.C.)

§ 190.351 *Mingling of different spirits prohibited.* Different kinds of spirits may not be mixed together at a rectifying plant, except in the process of rectification. Spirits of the same composition, produced at approximately the same proof by the same distiller at the same distillery and differing in age (a) not more than 6 months in the case of spirits more than 2 years of age, (b) not more than 60 days in the case of spirits more than 1 year and not more than 2 years of age, or (c) not more than 30 days in the case of spirits 1 year of age or less, packaged in the same kind of cooperage and stored under the same conditions, will be presumed to be homogeneous, and may be dumped together for convenience in bottling. Where it is desired to mingle together for convenience in bottling spirits falling within more than one of the age categories specified, the difference in age allowable shall be determined according to the age of the younger spirits. For example, if spirits not over 1 year of age are mingled with spirits more than 1 year old, the spirits must not vary in age more than 30 days. Packages of blended or rectified spirits filled from the same blend or rectification, or from different blends or rectification made with precisely the same spirits under the same formula, packaged in the same kind of cooperage, and stored under the same conditions, will likewise be presumed to be homogeneous, and may be dumped together for convenience in bottling. Spirits distilled from the same materials at 190 degrees of proof or over will also be presumed to be homogeneous and may be dumped together for convenience in bottling. Spirits which have been subjected to a quick-aging process may not be mixed with spirits which have not been quick-aged and are not homogeneous nor may spirits which have been stored in different kinds of cooperage or under different conditions and are of different composition or character be mixed together for bottling without rectification.* (Sec. 3254 (g) I.R.C.)

§ 190.352 *Testing of spirits dumped together for bottling.* Whenever there is doubt as to whether the dumping together of the contents of two or more containers of spirits constitutes rectification, a sample of each component of the proposed mixture should be compared with a sample of the final mixture by chemical analysis and by taste, color, and other tests to ascertain whether the mixture is homogeneous with each of its component parts. The regular dumping together of spirits of different ages, or different blends or rectifications, at the time of bottling is indicative of blending (rectification). The district supervisor will make appropriate inquiry where such dumping is done pursuant to Form 230 to determine whether the mass of spirits dumped together is homogeneous with each of its component parts.*

§ 190.353 *Reduction of spirits.* Processing tanks may not be used for the dumping and reducing of spirits to be bottled without rectification. Spirits may be reduced to bottling proof in dumping and reducing tanks provided for the purpose or in the bottling tanks prior to the commencement of bottling. The reduction in proof or the increasing in volume of rectified spirits on which the rectification tax has been paid is, however, prohibited by law, unless the spirits are again rectified and the rectification tax again paid thereon. This prohibition does not forbid the reduction of imported spirits rectified abroad, or of spirits rectified in Puerto Rico, the Virgin Islands, or the Philippine Islands, or of domestically rectified spirits exempt from rectification tax.* (Sec. 2801 (b), I.R.C.)

§ 190.354 *Filtration.* Spirits dumped for bottling without rectification may be filtered before being bottled, provided that the method of filtering employed is such as will not constitute rectification (see Article XXVII).*

§ 190.355 *Completion of bottling.* When the contents of a bottling tank are not completely bottled at the close of the day the rectifier shall enter in his certificate on the copy of Form 230 attached to the bottling tank the total quantity bottled that day from such tank, giving all the information required by the form. The Form 230 shall be kept on the tank until the entire contents are bottled. Upon completion of the bottling, the rectifier will remove Form 230 from the bottling tank, complete the execution of his certificate on all copies, and submit it to the Government officer for verification.*

§ 190.356 *Remnants.* Remnants left over upon completion of the bottling of unrectified spirits will be disposed of in accordance with the procedure prescribed in § 190.325 for the disposition of remnants of rectified spirits, except that notation of the removal of the spirits to the finished products room will be made on Form 230 in lieu of Form 237.*

§ 190.357 *Disposition of Form 230.* Immediately after the completion of the bottling and the proper completion of Form 230, the rectifier will forward the original copy of the form, with the cut-out portions of the tax-paid stamps, or the statements, or affidavit and statement, required in lieu thereof, to the district supervisor, and will file the remaining copy as a permanent record at the plant available for inspection by Government officers. Upon receipt of Form 230, the district supervisor will see that the requisite scalped stamps, or statements, or affidavit and statement, in lieu thereof, are attached to the form.*

§ 190.358 *Unrectified products to be kept separate.* When unrectified spirits or wines are bottled in a rectifying plant, such liquors must be kept completely separate and apart from rectified spirits and products. A separate Form 230 must be prepared for each lot of spirits or wines to be bottled without rectification and the same procedure will be followed for each lot. Where more than one bottling tank is provided, however, one lot of spirits may run into more than one bottling tank: *Provided,* That the unrectified liquors are kept completely separate and apart from rectified spirits and products.*

§ 190.359 *Removal to finished products room.* Upon completion of the bottling of spirits or wines without rectification the filled bottles, with labels and red strip stamps (where required) properly affixed, must be placed in cases marked in accordance with Article XXXVII, the filled cases then sealed and immediately removed to the finished products room: *Provided,* That the district supervisor may authorize the rectifier to remove to the finished products room for storage therein pending receipt of orders, affixing of brand labels or State stamps, or for other acceptable reasons, a reasonable number of unsealed cases of spirits in bottles bearing strip stamps and labels fully describing the contents, upon condition that the brand labels, if missing, will be affixed and the cases sealed before shipment.*

§ 190.360 *Rebottling, relabeling, and restamping of bottled spirits.* Where distilled spirits packaged in bottles are to be rebottled for domestic sale, the bottles, if of a capacity of one-half pint or greater and not exceeding 1 gallon, must conform to the requirements of Regulations 13 (26 CFR Part 175). The spirits may be rebottled in the same bottles from which removed if such bottles containing the spirits originally conform to the requirements of the said regulations and have not been offered for sale at retail, and the use of such bottles is authorized by the district supervisor. The new label must be covered by an appropriate certificate of label approval or a certificate of exemption from label approval issued under the Federal Alcohol Administration Act. If the new label is covered by a certificate of exemption from label approval it must conform to the requirements of Regulations 13. If the spirits have left the possession of the original bottler and are to be relabeled without rebottling, authorization to relabel the spirits must be obtained in accordance with regulations issued under the Federal Alcohol Administration Act and submitted to the Government officer assigned to the plant, or to the district supervisor or other designated approving officer. Whenever bottled distilled spirits are dumped for rebottling, the red strip stamps on the bottles must be destroyed at the time of dumping, and new red strip stamps must be affixed to the bottles in which the spirits are rebottled.*

§ 190.361 *Record, Form 45.* The rectifier will enter on Part 4 of Form 45 all spirits, wines, or other liquors dumped for bottling without rectification and bottled, as provided in Article XXXIX.*

Article XXXV—Stamps

Rectified Spirits Stamps

§ 190.362 *Two classes.* Stamps for rectified spirits are provided in two classes: Class A, for products of rectification to which the rectifying tax of 30 cents per proof gallon does not attach; and class B, for products of rectification to which the rectifying tax of 30 cents per proof gallon does attach.* (Sec. 2861, I.R.C.)

§ 190.363 *Denominations.* Rectified spirits stamps of classes A and B are provided in denominations of 1, 10, 20, 30, 40, 50, 60, 70, 80, 90, 100, 110, 120, and 130 proof gallons, with 9 coupons attached representing 1 gallon each, and 9 coupons representing one-tenth of a gallon each.* (Sec. 2861, I.R.C.)

§ 190.364 *Collector to issue stamps.* When Form 237, properly approved, showing that packages (barrels, kegs, or similar containers) of rectified spirits or products have been filled by the rectifier, is submitted to the collector without remittance in the case of rectified spirits or products exempt from the rectification tax, or with proper remittance in the case of rectified spirits or products subject to the 30-cent rectification tax, the collector will issue class A or class B stamps, respectively, of the proper denomination with the required coupons attached for each package listed on the form.* (Sec. 2861, I.R.C.)

§ 190.365 *Issuance of stamps.* Upon issuing the stamps, the collector will enter on each stamp the collection district, name of the rectifier, the date of issuance, the proof gallons, and the serial number of the package for which the stamp is issued. Pending revision of the present series of rectified spirits stamps, the serial number of the package will be entered by the collector in the lower left corner of the stamp immediately below the denomination symbol. The collector will also enter the serial number of each stamp in the column provided therefor on Form 237 opposite the serial number of the package, unless stamps are issued for several packages in consecutive order, in which case the numbers of the first and last stamps will be entered opposite the serial numbers of the first and last packages with an intervening waved line indicating that the omitted numbers follow consecutively from the first to the last.* (Sec. 2862, I.R.C.)

§ 190.366 *Stamp stub.* Connected with each stamp is a corresponding stub, and the collector shall enter thereon the data called for necessary to preserve a perfect record of the use of such stamp when detached.* (Sec. 2802 (a) (1), I.R.C.)

§ 190.367 *Affixing of stamps.* Each rectified spirits stamp must be affixed to the package containing the spirits or products which it was issued to cover. Such stamps may not under any circumstances be affixed to other packages of spirits. The stamps must be securely affixed to a smooth surface of the Government head of the cask or package (the head bearing the marks and brands required by Article XXXVII). That surface must not have been previously painted or covered with any oily substance or any substance which would have a tendency to cause the stamp to crack or peel off. Varnish, glue, or other adhesive material which would cause the stamp to adhere securely must be used for affixing the stamp to the package.* (Sec. 2862, I.R.C.)

§ 190.368 *Use of tacks.* In affixing stamps, one tack or staple will be driven in each corner of the stamp, and as many more as appear necessary where the stamp bears coupons rendering it irregular in shape.* (Sec. 2862, I.R.C.)

§ 190.369 *Cancellation.* The stamp having been affixed must be immediately canceled. For this purpose the rectifier will use a stencil plate of brass or copper, in which have been cut not less than five fine parallel waved lines long enough to extend not less than three-fourths of an inch above and below the stamp on the head of the cask or package. This plate must be imprinted with black, durable coloring material over and across the stamp as indicated. The stencil plate will be so set as to bring the five parallel waved lines across the stamp at such points as will least obscure the reading matter on the stamp. The coloring material will be so applied with the brush as to make these lines distinct without blotting or spreading over the stamp. The stencil plates, with the edges of the cuttings of the lines, will be kept clean and the coloring material will be carefully examined to see that it is of a quality which will make a distinct and durable mark, without blotting or spreading.* (Sec. 2862, I.R.C.)

§ 190.370 *Covering.* The stamp having been so affixed and canceled must be immediately covered with a coating of transparent varnish, shellac, or lacquer. No varnish, shellac, or lacquer shall be used which is not transparent or which is oily enough to affect in the least the glue or other adhesive on the stamp.* (Sec. 2862, I.R.C.)

Wholesale Liquor Dealer's Stamps

§ 190.371 *Circumstances authorizing procurement.* Where, because of the discontinuance of business or change of location or desire to return to the vendor distilled spirits found to be unsuitable after the deposit thereof in storage tanks or the dumping thereof from the stamped packages in which received, or for other lawful reasons, the rectifier desires to fill packages of distilled spirits containing five wine gallons or more, in cases where the spirits have not been rectified, he may, if qualified as a wholesale liquor dealer, procure wholesale liquor dealer's stamps for the packages.* (Sec. 2863, I.R.C.)

§ 190.372 *Denominations.* Wholesale liquor dealer's stamps are provided in denominations of 5, 10, 20, 30, 40, 50, 100, 200, 300, and 500 wine gallons, with 9 coupons attached representing 1 wine gallon each, and 9 coupons representing one-tenth of a wine gallon each.* (Sec. 2863, I.R.C.)

§ 190.373 *Application to package.* Rectifiers desiring to draw distilled spirits into wholesale liquor dealer's packages of 5 wine gallons or more, as authorized in § 190.371, will make application therefor on Form 92, in triplicate, giving all of the information called for by the form. Where the spirits to be so packaged have been dumped from the stamped containers in which received the application shall show, in addition to other applicable data, the date and number (122 or 230) of the form pursuant to which the spirits were dumped. If the spirits were received in a tank car the application shall show, in addition to other applicable data, the date the certificate of tax-payment (Form 1595) was submitted to the district supervisor. Should the spirits, which it is permissible to transfer to wholesale liquor dealer's packages under § 190.371, be contained in stamped packages, the stamps thereon must be scalped and securely attached to one copy of the application.* (Sec. 2863, I.R.C.)

§ 190.374 *Government officer's certificate.* Except as hereinafter provided, all copies of Form 92 will be submitted to the Government officer assigned to the rectifying plant, who, if he finds after inspection of the spirits and verification of the entries and statements in the application that the spirits are correctly described and have been properly tax-paid and have not been subjected to any act of rectification, will execute his certificate on each copy of the form and return all copies to the rectifier. Where a Government officer is not assigned to continuous duty at the rectifying plant, and is not available to make the required inspection and verification, the rectifier will submit the application to the district supervisor, who will detail an officer to perform the required duty.* (Sec. 2863, I.R.C.)

§ 190.375 *District supervisor's approval.* When all copies of the form, with the Government officer's certificate executed, have been received from the Government officer, the rectifier will forward them to the district supervisor, who will, if satisfied that the application is properly executed and covers tax-paid spirits which have not been subjected to any act of rectification and that the rectifier is entitled to procure wholesale liquor dealer's stamps therefor, approve the application and return all copies to the rectifier.* (Sec. 2863, I.R.C.)

§ 190.376 *Filling, gauging, and marking packages.* Upon receipt from the district supervisor of Form 92, duly approved, the rectifier will fill, gauge, and mark the packages under the supervi-

sion of the Government officer. The packages will be filled and gauged in accordance with the rules prescribed in the Gauging Manual for the filling and gauging of packages of spirits, and the details of the gauge will be entered on each copy of the form. The packages will be marked and branded in accordance with the provisions of Article XXXVII.* (Sec. 2863, I.R.C.)

§ 190.377 *Application for stamps.* When the spirits have been properly packaged and the details of the gauge thereof entered on Form 92, the rectifier will execute the application on such form for the issuance of wholesale liquor dealer's stamps for the packages, and will deliver all copies of the form to the Government officer for his verification.* (Sec. 2863, I.R.C.)

§ 190.378 *Government officer's verification.* The Government officer will, after verification of the rectifier's entries on the form, sign and date the verification in the spaces provided therefor, and will return all copies to the rectifier, who will then forward them to the collector.* (Sec. 2863, I.R.C.)

§ 190.379 *Issuance of stamps.* Upon receipt of Form 92, duly executed, the collector will issue a wholesale liquor dealer's stamp, with proper coupons attached, for each package listed on the form. When issuing the stamps the collector will enter on each stamp the date, his name and collection district, the name of the wholesale liquor dealer (the rectifier), the number of wine gallons in the package for which the stamp is issued, the name and collection district of the distiller or other person who filled the stamped package or packages or tank car in which the spirits were previously contained, and the present proof of the spirits. If the package for which the stamp is issued was filled directly from a stamped package, the collector will also enter on the stamp the serial number of the stamped package, the kind and serial number of the stamp which such package bore, and the original proof of the spirits. Where the spirits drawn into wholesale liquor dealer's packages have been previously contained in two or more packages which had been dumped together, or in a tank car, the collector will insert a dash in the spaces provided on the stamp for the insertion of the serial number of the previous package, the kind and serial number of the stamp thereon, and the original proof of the spirits, except that where the spirits were contained in a tank car the words "Tank car" will be inserted in the space provided for the serial number of the previous package.* (Sec. 2863, I.R.C.)

§ 190.380 *Stamp stub.* The collector shall enter on the stub connected with each stamp the data called for to preserve a perfect record of the use of the stamp when detached.* (Sec. 2802 (a) (1), I.R.C.)

§ 190.381 *Collector's disposition of Form 92.* The collector will enter the serial numbers of the wholesale liquor dealer's stamps in the proper column on each Form 92, opposite the description of the package for which the stamp is issued. The collector will then return one copy of Form 92 to the rectifier with the stamps, forward one copy of the form to the district supervisor, and retain the remaining copy as his authority for issuing the stamps.* (Sec. 2863, I.R.C.)

§ 190.382 *Wholesale liquor dealer's stamps for rectified spirits.* Collectors may not furnish wholesale liquor dealer's stamps in lieu of and in exchange for stamps for rectified spirits, unless the package covered by the stamp for rectified spirits is to be broken into smaller packages.* (Sec. 2802 (e), I.R.C.)

§ 190.383 *Affixing and canceling stamps.* Upon receipt from the collector of Form 92 and the accompanying stamps, the rectifier will affix the stamps to the packages and cancel the same under the supervision of the Government officer. The stamps will be affixed and canceled in the same manner as rectified spirits stamps are required herein to be affixed and canceled.* (Sec. 3301, I.R.C.)

§ 190.384 *Records.* Where distilled spirits which have been dumped for bottling without rectification are packaged under wholesale liquor dealer's stamps, the rectifier shall enter a full description of the packages and their contents in his certificate on Form 230, together with a reference to the Form 92 under which the spirits were authorized to be so packaged. If the distilled spirits packaged under wholesale liquor dealer's stamps were dumped for rectification, but had not been subjected to any act of rectification, appropriate entries crediting the quantities so packaged will be entered by the rectifier on Record 64, and by the storekeeper-gauger on Form 39. The rectifier shall also make appropriate entries and notations on Form 45 whenever any distilled spirits are packaged and removed under wholesale liquor dealer's stamps.* (Sec. 2863, I.R.C.)

Wine Stamps

§ 190.385 *Denominations.* Wine stamps for the payment of taxes on rectified spirits or products under section 3030 (a), I.R.C., will be provided in denominations of ½ cent, 1 cent, 1¼ cents, 1½ cents, 2 cents, 2½ cents, 3 cents, 4 cents, 5 cents, 6 cents, 7½ cents, 10 cents, 12 cents, 15 cents, 18 cents, 20 cents, 24 cents, 30 cents, 36 cents, 40 cents, 48 cents, 50 cents, 60 cents, 72 cents, 80 cents, $1.00, $1.20, $1.44, $1.50, $1.60, $2, $2.50, $4, $4.80, $5, $9.60, $20, $40, $50 and $100.* (Sec. 3030 (b), (1), I.R.C.)

§ 190.386 *Purchase of wine stamps.* Wine stamps will be purchased by rectifiers pursuant to application on Form 427–B from the collector of the district in which the rectifying plant is located, as provided in section 190.310.* (Sec. 3030 (b), (1), I.R.C.)

§ 190.387 *Affixing of wine stamps.* Wine stamps for the payment of tax due under section 3030 (a), I.R.C., on packages or cases of rectified spirits or products, must be securely affixed by the rectifier to the Government head of the package or side of the case (the head or side bearing the marks and brands required by Article XXXVII). The stamps must be affixed with a good adhesive. In the case of wooden containers, tacks or staples will be used in addition to the adhesive. The rectifier shall cancel the stamps by indelibly writing or stamping thereon or perforating therein his name or initials and the date of cancellation. After cancellation a coating of transparent varnish or shellac must be applied over the stamps to prevent their easy removal.* (Sec. 3301, I.R.C.)

Destruction of Stamps Upon Emptying Packages

§ 190.388 *Immediate destruction required.* All stamps must remain on the package until the contents are emptied therefrom. When a package of distilled spirits is emptied, all stamps thereon must be completely effaced and obliterated. A dealer who empties any receptacle of wine shall destroy the wine stamps thereon by scraping or obliterating the same immediately the receptacle is emptied; and if the receptacle is a cask, barrel, keg, or similar container, he shall scrape or obliterate the marks and brands thereon. The responsibility for destroying stamps on empty packages rests upon the person emptying the same.* (Secs. 2866, 3301, I.R.C.)

Red Strip Stamps

§ 190.389 *General*—(a) *Requisition, Form 428.* Proprietors of rectifying plants may purchase red strip stamps indicating tax-payment of bottled distilled spirits in anticipation of their current needs. Requisition for red strip stamps will be made by proprietors on Form 428, "Order for Stamps—Distilled Spirits Bottle Strips," in triplicate.

(b) *Stamp denominations.* Red strip stamps will be provided in the following denominations only: 1 gallon, ½ gallon, 1 quart, ⅘ quart, ¾ quart, 1 pint, ⅘ pint, ¾ pint, ½ pint, and less than ½ pint. When bottles containing spirits are of sizes for which no stamps are provided, the rectifier will use stamps of the denomination next under the actual quantity of spirits contained in the bottles, as, for instance, a stamp of the ½-pint denomination for a bottle containing more than ½ pint and less than ¾ pint, and will block or strike out the original denomination and write or print on the stamps immediately above the blocked or stricken out denomination the exact quantity of spirits contained in the bottles. Stamps of the denomination of "less than ½ pint" need not be changed to show the exact quantity contained in the bottles. Red strip stamps of the "less than ½ pint" denomination will be issued 50 in a sheet. Red strip stamps of all other

denominations will be issued 42 in a sheet. Requisitions for red strip stamps by proprietors of rectifying plants must be made for full sheets. Stamps less than a full sheet may not be sold by a collector to a rectifier.* (Sec. 2803 (b), (d), I.R.C.)

§ 190.390 *Approval of requisition.* The proprietor will submit all copies of the requisition, Form 428, to the Government officer for approval, except that where no Government officer is present at the plant, and it is necessary to obtain a supply of stamps before the next visit of an officer to the plant, Form 428 will be submitted to the district supervisor for approval. Before approving the requisition, the approving officer will see that it is properly executed and will satisfy himself that the number of stamps for which requisition is made is necessary for the current needs of the rectifier. Where Form 428 is approved by the district supervisor, he will note thereon that the stamps are to be sent to the Government officer (giving name if then known), in care of the rectifier. No red strip stamps may be issued for use at a rectifying plant unless Form 428 is approved by the Government officer assigned to the plant or the district supervisor. Upon approval of the form, the approving officer will return all copies to the rectifier.* (Sec. 2803 (d), I.R.C.)

§ 190.391 *Purchase of stamps.* Red strip stamps will be purchased by rectifiers from the collector of the district in which the rectifying plant is located. Stamps may not be purchased by one rectifier from another, nor may they, except in cases of emergency, be purchased from collectors of other districts. The rectifier will forward all copies of the approved Form 428 received from the approving officer to the collector of internal revenue with remittance for the stamps. The collector will enter the serial numbers of the stamps issued and stamp the date of sale on all copies of Form 428, and will retain one copy and send the original to the district supervisor and one copy (by mail) to the Government officer at the rectifying plant. The collector will, in every case, forward the stamps to the Government officer at the plant, in care of the rectifier. The rectifier will retain the package intact and deliver it unopened to the Government officer. The Government officer will enter receipt of the stamps in Form 182, 'Storekeeper-Gauger's Monthly Record and Report of Red Strip Stamps," and will immediately place them in the Government cabinet.* (Sec. 2803 (b), (d), I.R.C.)

§ 190.392 *Shipment of stamps.* The collector will forward the stamps to the Government officer by registered mail. In instances where it is impracticable to ship large amounts of strip stamps by registered mail, it is permissible to make the shipment by express. The expense of forwarding the stamps by registered mail or express to the Government officer will be borne by the rectifier.* (Sec. 2803 (d), I.R.C.)

§ 190.393 *Rectifier's daily requisition.* The rectifier will make requisition of the Government officer for the necessary number of stamps for each day's bottling or for each lot of spirits bottled. The requisition will be prepared in the following form:

(Name of plant)

(Plant requisition number)

(Date)

To United States Storekeeper-Gauger:

Please deliver to our bottling department the following red strip stamps to be used for affixing to bottles of tax-paid spirits to be drawn from bottling tanks shown herein:

Denomination	Quantity	Bottling tank number

(Proprietor)

By ---

Stamps delivered to proprietor:

Denomination	Quantity	Serial number of sheets

(Storekeeper-Gauger)

(Date)

* (Sec. 2803 (d), I.R.C.)

§ 190.394 *Stamps issued in serial order.* All red strip stamps will be issued by the Government officer to the rectifier in proper serial order, starting with the lowest serial number of the stamps of the denomination desired on hand at the time of issuance. The rectifier will not, however, be required to affix red strip stamps in serial order.* (Sec. 2803 (d), I.R.C.)

§ 190.395 *Requisition to be filed.* Government officers will retain the rectifier's requisitions at the plant as a record available for inspection by other Government officers and will file them in chronological order.*

§ 190.396 *Officer's responsibility.* Government officers who have custody of red strip stamps will be held strictly responsible for the proper control and accounting of all stamps received, issued, used, and on hand. They shall determine whether the number of stamps requisitioned is needed; that those issued are properly affixed to bottles of tax-paid spirits; that all stamps issued to the rectifier and not used are returned to them; and that a proper accounting is made of all stamps reported mutilated.*

§ 190.397 *Cutting stamps in advance.* The Government officer will enter on Form 182 all red strip stamps received from the collector. He may thereafter, upon request, permit the rectifier to cut all, or any quantity, of such stamps in advance of his needs. Such red strip stamps will be cut under the supervision of the Government officer and returned to him in the same numerical sequence. Each separate package of cut red strip stamps must be marked with the quantity of such stamps in the package and the first and last numbers, as, "4,200, serial Nos. 1,600,001 to 1,600,100." Government officers when issuing red strip stamps will enter in the space provided therefor on the rectifier's requisition the denomination, quantity, and serial numbers of the stamps.* (Sec. 2803 (d), I.R.C.)

§ 190.398 *Manner of affixing stamps.* The stamps must be securely affixed to the bottles with the use of a good adhesive. The adhesive used must be in proper liquid condition, and care must be taken to cover the entire back of the stamp with the adhesive, and to press the whole surface of the stamp firmly against the surface of the bottle sufficiently long to cause the entire surface of the stamp to adhere securely to the bottle. The stamp must pass over the mouth of the bottle, extending an approximately equal distance on two sides of the bottle, and be so affixed that a portion of the stamp will remain attached to the bottle when the same is opened.* (Sec. 2803 (d), I.R.C.)

§ 190.399 *Concealing or obscuring stamps prohibited.* No part of the stamp shall be concealed or obscured by any label or other covering, except that a cup may be placed over the opening of the bottle or the bottle may be placed in a carton, as hereinafter provided. Seals made of cellulose or other material which are shrunk or otherwise fitted over the necks of the bottles and cover the stamps must be sufficiently transparent to permit the stamps to be plainly seen and the data thereon easily read. No cup or cap may be placed over the opening of a bottle and cover the stamp, unless such cup or cap is transparent or is so placed on the bottle that it may be readily removed at any time without injury to the stamp and the arrangement is such that the ends of the stamp will be plainly visible when the cap or cup is in place. Cartons or other coverings of bottles of distilled spirits are permitted, if so made that they may be opened and closed without being torn or broken. Sealed cartons or other coverings may not be used unless transparent or unless openings therein permit the data on the stamp and the indicia on the bottle to be plainly seen and read.* (Sec. 2803 (d), I.R.C.)

§ 190.400 *Affixing stamp over cup or cap.* The stamp may be affixed over a cup or cap placed over the opening of the bottle, provided the arrangement is such that the stamp will be torn apart or de-

stroyed when the cup or cap is unscrewed or removed or destroyed. Where it is desired to affix the stamp over a removable cup or cap, the cup or cap must be securely screwed or fastened over the opening of the bottle, and must be of such size and construction that the stamp will pass over the top and extend beyond the cup or cap for such length that each end of the stamp may be securely affixed to the surface of the bottle. Any bottler using such a cup or cap must see to it that the stamp is securely affixed, with a strong adhesive, to both the cup or cap and the bottle in such a manner that the stamp will be torn apart when the cup or cap is unscrewed or removed. Where it is desired to affix the stamp over a cap or seal made of cellulose or other similar adhesive material which is so shrunk or otherwise fitted over the neck of the bottle as to be unremovable without being destroyed, it will not be necessary for the ends of the stamp to be affixed to the surface of the bottle, but the cap or seal and stamp must be so affixed that a portion of each will remain attached to the bottle when it is opened. In any case where there is doubt as to the propriety of the use of any cup or cap, the bottle and cup or cap should be submitted to the district supervisor for a ruling thereon.* (Sec. 2803 (d), I.R.C.)

§ 190.401 *Containers in excess of 1 and less than 5 wine gallons.* Where unrectified alcohol or other unrectified distilled spirits are packaged in containers in excess of 1 wine gallon and less than 5 wine gallons, a red strip stamp must be securely affixed over the opening of the container in such a manner that the stamp will be destroyed when the container is opened. Stamps of 1-gallon denomination will be used for such containers and the denomination of the stamp will be changed by obliterating the figure "1" on each end of the stamp over the abbreviation "Gal." and writing or printing immediately above the same other figures representing the exact contents of the container. Alcohol and other distilled spirits in such containers may be sold or disposed of only as provided in § 190.424, relative to sales in bulk containers.* (Sec. 2803 (a), (d), I.R.C.)

§ 190.402 *Non-usable strip stamps.* Strip stamps issued by foreign countries may not be affixed to either imported or domestic spirits bottled at rectifying plants and intended for domestic consumption, nor may red strip stamps which have been mutilated be used at such plants. Unless eligible and intended for exchange or refund, as provided in the following section, red strip stamps that have been mutilated should be destroyed by the rectifier under the supervision of the Government officer, who will then enter appropriate credit on Form 182 for the number of each denomination of stamps so destroyed.* (Sec. 2803 (d), I.R.C.)

§ 190.403 *Exchange and redemption of stamps.* Unused red strip stamps which have been spoiled by fire or water, or rendered useless by erroneous over-printing or cutting, may be exchanged for new stamps, in quantities of the value of $5 or more, within one year after the date of purchase, as provided by law and regulations. (See A&C–A. T.–Mimeograph, Coll. No. 4495, A. T. No. 103, as amended by A&C–A. T.–Mimeograph, Coll. No. 4753, A. T. No. 160; Appendix.) The lawful owner of unused red strip stamps, who has no use therefor due to the discontinuance or transfer of his business may, under the same law and regulations, and subject to the same limitations as to quantity and time of purchase, obtain a refund of the value of such unused stamps.* (Sec. 2803 (c), I.R.C.)

§ 190.404 *Record and report.* Storekeeper-gaugers assigned to rectifying plants will make a record and report of red strip stamps received and used on Form 182, as provided in Article XL.* (Sec. 2803 (d), I.R.C.)

Article XXXVI—Labels on Bottles of Distilled Spirits

§ 190.405 *Certificates of approval or exemption.* All bottlers of distilled spirits are required by regulations issued under the Federal Alcohol Administration Act (27 CFR Part 5) to obtain a "Certificate of Approval of Labels of Domestically Bottled Distilled Spirits" or a "Certificate of Exemption from Label Approval for Distilled Spirits" before using labels on bottles of distilled spirits. (Sec. 505, 49 Stat. 1965; 27 U.S.C. Sup., 205)

§ 190.406 *Certificates to be exhibited.* All bottlers of distilled spirits are required to exhibit certificates of label approval or certificates of exemption from label approval upon request to a duly authorized representative of the United States. Internal revenue officers will call upon the proprietor to exhibit the required certificates of label approval or certificates of exemption from label approval. The original certificate or duplicate original issued under the Federal Alcohol Administration Act must be exhibited to the officer. Photostatic copies are not acceptable for this purpose. (Sec. 505, 49 Stat. 1965; 27 U.S.C. Sup., 205)

§ 190.407 *Certificates of origin, age, and class and type.* Internal revenue officers will see that all rectifiers who bottle distilled spirits imported in bulk have in their possession such certificates of origin, age, and class and type as are required by regulations issued under the Federal Alcohol Administration Act (27 CFR Part 5). (Sec. 505, 49 Stat. 1965; 27 U.S.C. Sup., 205)

§ 190.408 *Withholding release of spirits.* Where rectifiers of distilled spirits who do not have a certificate of exemption from label approval in their possession are found to be using labels other than those covered by a certificate of approval of labels, or to be affixing labels conforming to those on certificates of label approval to spirits which do not conform to such approved labels or to the Government label, or where rectifiers bottling spirits imported in bulk do not have in their possession such certificates of origin, age, and class and type as are required, the officer will withhold release of the spirits and will make a report of the facts to the district supervisor, accompanied by copies of the labels in question. The district supervisor will forward the reports and labels to the Commissioner. (Sec. 505, 49 Stat. 1965; 27 U.S.C. Sup., 205)

§ 190.409 *Additional label requirements.* Officers assigned to rectifying plants will also see that all labels affixed to containers of distilled spirits subject to the provisions of Regulations 13 (26 CFR Part 175) conform to the requirements of such regulations.* (Sec. 2871, I.R.C.)

§ 190.410 *Tests of bottled spirits.* Officers assigned to rectifying plants will, at frrequent, irregular intervals during the process of bottling, test and examine the spirits to determine whether they agree in proof and in other respects, insofar as the officer is informed, with the data on the labels and whether such labels conform to those on certificates of label approval or exemption issued under the Federal Alcohol Administration Act and to the requirements of Regulations 13.*

§ 190.411 *Rectifier's responsibility.* Full responsibility rests upon the rectifier to see that the labeling of all spirits bottled or packaged at his plant is in conformity with the requirements of the Federal Alcohol Administration Act and regulations thereunder, and section 2871, I.R.C., and Regulations 13 (26 CFR Part 175).*

Article XXXVII—Marking and Branding

Serial Numbers

§ 190.412 *Method of numbering.* Each case, barrel, cask, or similar container filled at a rectifying plant, including packages and cases of unrectified spirits and wines, must be numbered serially, beginning with No. 1 for the first case or package filled: *Provided*, That the series in current use at existing rectifying plants will be continued. Where there is a change in the individual or corporate name, or in the trade name or style, of the rectifier, the series in use at the time of such change will be continued, but a new series will be commenced where there is a change of proprietorship.* (Sec. 2861, I.R.C.)

§ 190.413 *New or separate series.* The serial numbers of the cases and packages filled at a rectifying plant shall run consecutively and shall not be broken in any manner, except that whenever the number 1,000,000 is reached the rectifier may, if he so desires, begin a new series commencing with No. 1 and that where two or more separate bottling units are used and different kinds of spirits are bottled simultaneously, and it is impracticable to number the cases of each kind of spirits consecutively, a series identified

by a letter may be used for each bottling unit as 1A, 2A, etc., and 1B, 2B, etc. Likewise, where cases and packages are filled simultaneously, and it is impracticable to number the cases and packages consecutively, a separate series followed by an identifying letter may be used for the packages and one or more separate series, as provided above, may be used for the cases. Cases may be serially numbered either before or after filling.* (Sec. 2861, I.R.C.)

Other Required Marks

§ 190.414 *Packages of distilled spirits.* The gross weight, tare, and net weight shall be cut upon the stave to the left of the bung stave of each barrel or similar container of distilled spirits in the order named, beginning in the middle of such stave and extending toward the Government head. In addition to the serial number, each such container shall also have marked on the Government head thereof the kind of spirits, the wine gallons, proof, and proof gallons, the date of filling, and the name (or trade name or style), location (city or town and State), and the number of the rectifier's basic permit issued under the Federal Alcohol Administration Act: *Provided,* That if the spirits were rectified by such rectifier, or if the spirits are unrectified spirits which were produced by such rectifier at a distillery, he may use in connection with his name the designation "Rectifier" or "Distiller," respectively.* (Sec. 2861, I.R.C.)

§ 190.415 *Cases of distilled spirits.* In addition to the serial number, each case of distilled spirits shall have marked on the Government side thereof the kind of spirits, the wine gallons, proof, and proof gallons, the date of filling, and the name (or trade name or style), location (city or town and State), and the number of the rectifier's basic permit issued under the Federal Alcohol Administration Act: *Provided,* That (1) if the spirits were rectified by such rectifier, or (2) if the spirits are unrectified spirits which were produced by such rectifier at a distillery, or (3) if the spirits were neither rectified nor produced by such rectifier, he may use in connection with his name the designation "Rectifier," "Distiller," or "Bottler," respectively: *And provided further,* That where the spirits are bottled for a certain dealer and it is desired to show the name and address of the dealer on the case in lieu of the name and location of the rectifier, such may be done if the name of the dealer is preceded by the words "Bottled for" or "Bottled expressly for," and the number of the rectifier's basic permit issued under the Federal Alcohol Administration Act, together with the other required marks, excepting the name and location of the rectifier, are shown on the case.*

§ 190.416 *Packages and cases of wine.* The rectifier shall place upon packages and cases of wine marks similar to those required by §§ 190.414 and 190.415 for packages and cases of distilled spirits, except that the gross weight, tare, and net weight need not be marked on the packages, the alcoholic content of the wine will be shown in percentage by volume in lieu of the proof, and, in the case of unrectified wine, the proof gallons may be omitted.* (Sec. 3040, I.R.C.)

§ 190.417 *Illustration of marks.* The required marks, stamps, and brands will be placed on packages and cases substantially as follows:

Barrels

Ser. No. 1
Whiskey
John Doe & Co.
Rectifier (or Distiller)
New York, N. Y.
R–135

(((((
(STAMP)
)))))

50.00 W. G.
90 Proof
45.00 P. G.

Filed May 2, 1938

Cases

Ser. No. 2
Whiskey
John Doe & Co.
Rectifier (or Distiller or Bottler)
New York, N. Y.
R–135
3.00 W. G.
90 Proof
2.70 P. G.
Filed May 2, 1938

The location of the rectifier, or the address of the dealer for whom the spirits are bottled, may be shown by recognized abbreviations.* (Sec. 2861, I.R.C.)

Manner and Size of Markings

§ 190.418 *Packages.* The required marks and brands will be plainly printed or stenciled on each package with black, durable coloring material, in letters and figures not less than three-fourths of an inch in height, except that in the case of barrels or similar containers of less than 20 wine gallons' capacity the letters and figures may be proportionate in height but in no event less than three-eighths of an inch.* (Sec. 2861, I.R.C.)

§ 190.419 *Cases.* The required marks will be durably and plainly printed, stamped, or stenciled on each case in a color contrasting with the background of the case and in letters and figures not less than one-half inch in height.*

Miscellaneous Provisions

§ 190.420 *Previously marked packages and cases.* Empty packages and cases marked in accordance with regulations heretofore in effect may continue to be used until the existing supply is exhausted, and, where necessary, the district supervisor may permit an additional number of packages and cases marked in accordance with such regulations to be used pending the securing of new stencils or other printing devices.*

§ 190.421 *Destruction of marks and brands.* The marks, brands, and serial numbers required by these regulations to be placed on barrels, casks, or similar containers, or cases, shall not be removed therefrom, or obscured or obliterated, before the contents thereof have been removed; but when barrels, casks, or similar containers are emptied, all such marks, brands, and serial numbers shall be effaced and obliterated by the person removing the contents therefrom.* (Sec. 2866, I.R.C.)

§ 190.422 *Trade marks.* No person shall affix or cause to be affixed to or upon any cask or package containing or intended to contain distilled spirits any imitation stamp or other engraved, printed, stamped, or photographed label, device, or token, whether the same be designed as a trade mark, caution notice, caution, or otherwise, and which shall be in the similitude or likeness of or shall have resemblance or general appearance of any internal revenue stamp required by law to be affixed to or upon any cask or package containing distilled spirits.* (Sec. 2869, I.R.C.)

§ 190.423 *Placing of trade marks on Government head forbidden.* No marks, brands, caution notices, or other devices whatsoever will be permitted on the Government head of any package or Government side of any case, other than the stamps, labels, marks, or brands required or authorized to be affixed by law or regulations.*

Article XXXVIII—Sales of Distilled Spirits By Rectifiers

§ 190.424 *Bulk containers.* Under the regulations issued pursuant to the Federal Alcohol Administration Act (27 CFR, Part 3), proprietors of rectifying plants may sell or dispose of distilled spirits in bulk, i. e., in containers having a capacity in excess of 1 wine gallon (1) to distillers and proprietors of internal revenue bonded warehouses, industrial alcohol plants and industrial alcohol bonded warehouses, including those operating tax-paid bottling houses; (2) to rectifiers; (3) to proprietors of class 8 customs bonded warehouses (imported spirits only); (4) to winemakers (brandy or alcohol) for the fortification of wine; (5) to any agency of the United States, or of any State or political subdivision thereof; (6) for export; (7) on warehouse receipts, conforming to the regulations issued under the Federal Alcohol Administration Act, for distilled spirits in internal revenue bonded warehouses; and (8) for industrial use, as follows: For experimental purposes, and in the manufacture (a) of medicinal, pharmaceutical, or antiseptic products, including prescriptions compounded by retail druggists; (b) of toilet products; (c) of flavoring extracts, sirups, or food products; or (d) of scientific, chemical, mechanical, or industrial products; provided such products are unfit for beverage use. Distilled spirits which were produced at a proof in excess of 159 degrees and reduced in the distillery receiving cisterns to not more than 159 and not less than 100 degrees of proof may, however, upon tax-payment, be transported for beverage purposes only; and under

the regulations issued pursuant to the Federal Alcohol Administration Act (27 CFR Part 3) rectifiers may not sell in bulk for industrial use other distilled spirits (except alcohol or spirits—fruit) unless such spirits are shipped or delivered directly to the industrial user thereof.* (Sec. 6, 49 Stat. 985; 27 U.S.C. Sup., 206.)

§ 190.425 *Retail containers.* Except as provided in the preceding section, rectifiers may sell or dispose of distilled spirits only in containers having a capacity of 1 gallon or less. All such containers having a capacity of one-half pint or more must conform to the requirements of Regulations 13 (26 CFR Part 175).* (Sec. 6, 49 Stat. 985, 27 U.S.C. Sup., 206; Sec. 2871, I.R.C.)

§ 190.426 *Broken cases.* The rectifier may break serially numbered cases in the finished products room or the contiguous wholesale liquor dealer room when necessary for the purpose of filling orders for less than a case of particular brands or kinds of liquors, provided notation of the serial numbers of such cases is made on Form 45 or Record 52, or on a separate record with identifying data in accordance with section 190.431. Broken cases shall be kept separate from full cases, and no case shall be broken unless necessary to fill orders. Composite or partial cases shall be marked in accordance with the requirements of sections 190.415 and 190.416, except that such cases will not be serially numbered and where the contents differ in kind or proof the words "Miscellaneous spirits" or "Assorted spirits," or a similar designation, may be substituted for a more particular description of the kind of spirits and the proof may be omitted.*

Article XXXIX—Rectifier's Records and Reports

§ 190.427 *Monthly record, Form 45.* In addition to rendering Forms 122 and 237, as provided in Articles XXVI and XXX, every rectifier shall keep a monthly record on Form 45 of all distilled spirits, wines, and other liquors received, dumped for rectification, packaged or bottled after rectification, bottled without rectification, and disposed of. All of the information indicated by the headings of the columns and lines and the instructions printed on the form will be entered thereon. Form 45 will be kept, in bound form, at the rectifying plant.* (Sec. 2855, I.R.C.)

§ 190.428 *Where contiguous wholesale liquor dealer room is maintained.* Where the rectifier maintains a contiguous wholesale liquor dealer room and uses it exclusively for products bottled at his rectifying plant, he shall report on Form 45 all bulk products removed from the rectifying plant and all bottled products removed from the rectifying plant and the contiguous wholesale liquor dealer room. Where the wholesale liquor dealer room is not used exclusively for products bottled at the rectifying plant, the rectifier shall report all bottled products (rectified and unrectified) removed from his rectifying plant, on Form 45, kept at such plant and shall keep at such contiguous wholesale liquor dealer room Record 52, "Wholesale Liquor Dealer's Record," which shall show all bottled products (rectified and unrectified) received and disposed of thereat, including those products transferred from his contiguous rectifying plant.* (Secs. 2855, 2857, I.R.C.)

§ 190.429 *Where noncontiguous wholesale liquor dealer premises are maintained.* Every rectifier who maintains a noncontiguous wholesale liquor dealer premises shall report all bottled products (rectified and unrectified) removed from his rectifying plant on Form 45 kept at such plant. He shall keep Record 52 at such noncontiguous wholesale liquor dealer premises, which shall show all bottled products (rectified and unrectified) received and disposed of thereat, including products transferred from his noncontiguous rectifying plant and products received from other persons.* (Secs. 2855, 2857, I.R.C.)

§ 190.430 *Time of making entries.* Daily entries shall be made on Form 45 and Record 52, as indicated by the headings of the various columns and in accordance with the instructions printed thereon, not later than the close of business of the day on which the transactions occur: *Provided,* That where the proprietor keeps a separate record, such as invoices, of the removals of distilled spirits, showing the removal data required to be entered on Form 45 or Record 52, respectively, daily entries of the removal of goods from the proprietor's premises may be made on the respective record not later than the close of business of the following business day, provided such separate record is approved by the district supervisor.* (Secs. 2855, 2857, I.R.C.)

§ 190.431 *Separate record of serial numbers of cases.* Serial numbers of cases of distilled spirits disposed of need not be entered on Form 45 or Record 52, provided the proprietor keeps in his place of business a separate record, approved by the district supervisor, showing such serial numbers, with necessary identifying data, including the date of removal and the name and address of the consignee. Such separate record may be kept in book form (including loose-leaf books) or may consist of commercial papers, such as invoices or bills. Such books, invoices, or bills shall be preserved for a period of four years and in such a manner that the required information may be ascertained readily therefrom, and during such period, shall be available during business hours for inspection and the taking of abstracts therefrom by revenue officers. Entries shall be made on such separate approved record not later than the close of business of the day on which the transactions occur. The proprietor whose separate record has been approved by the district supervisor shall make a notation in the column for reporting serial numbers, as follows: "Serial numbers shown on commercial records per authority dated _____."* (Secs. 2855, 2857, I.R.C.)

§ 190.432 *Miscellaneous items.* The proprietor may enter on Record 52 as one item the total quantity of different kinds of spirits *made up from broken cases* sold to the same person on the same day, provided such total quantity is not in excess of 10 gallons. The entry of such items shall be stated as "Miscellaneous" or "Misc.," and shall show the date, the name and address of the person to whom sold, and the quantity. The total quantity of such miscellaneous spirits so disposed of during the month shall be reported as "Miscellaneous" in the monthly summary which the proprietor is required to render on Form 338: *Provided,* That the proprietor determines by actual inventory the quantity of each kind of spirits remaining on hand at the end of the month.* (Sec. 2857, I.R.C.)

§ 190.433 *Where wholesaler maintains retail department.* Where a wholesale liquor dealer maintains a separate retail liquor dealer department on the same premises, he shall keep Record 52 at his wholesale liquor dealer department and enter thereon all spirits received and disposed of thereat. Distilled spirits transferred from the wholesale department to the retail department shall be reported on Record 52, Part 2, as "Transferred to retail liquor dealer department." Sales of 5 wine gallons or more of distilled spirits to the same person at the same time, filled wholly or partly from the retail liquor dealer department, shall be entered on Record 52, Part 2, and the quantity taken from the retail department shall be entered on Record 52, Part 1, as "Transferred from the retail liquor dealer department." Where the wholesale liquor dealer sells at both wholesale and retail and does not maintain a separate retail department, all distilled spirits received and disposed of shall be entered on Record 52.* (Sec. 2857, I.R.C.)

§ 190.434 *Monthly reports.* A full and complete transcript of Form 45, in duplicate, and, where Record 52 is required to be kept, a full and complete transcript thereof on Forms 52A and 52B (one copy of each), shall be prepared and forwarded to the district supervisor on or before the 10th day of the succeeding month. Where Record 52 is kept, a monthly summary report shall be prepared on Form 338, in duplicate, one copy of which will be retained on file and the original forwarded to the district supervisor, accompanied by Forms 52A and 52B, on or before the tenth day of the succeeding month. The district supervisor will, after audit, forward one copy

of Form 45 to the Commissioner not later than the last day of the month succeeding that for which the report is rendered, and will retain the remaining copy.* (Secs. 2855, 2857, I.R.C.)

§ 190.435 *Execution of reports.* Reports on Forms 45 and 338 must be signed in the same manner as the rectifier's notice, Form 27–B, except that in the case of a corporation the affixing of the corporate seal will not be required. Each report must be verified under oath by the proprietor, or his authorized agent at the rectifying plant or wholesale liquor dealer premises, as the case may be. Where Form 45, or Form 338, is signed by an agent, proper power of attorney authorizing the agent to execute the reports for the proprietor must be filed with the district supervisor. In the case of Form 45 the power of attorney will be filed in duplicate, one copy of which will be forwarded by the district supervisor to the Commissioner.* (Secs. 2855, 2857, I.R.C.)

§ 190.436 *Preservation of records.* Records kept on Form 45 and Record 52 shall be preserved for a period of four years, and during such period shall be available during business hours for inspection and the taking of abstracts therefrom by the Commissioner or any internal revenue officer.* (Secs. 2855, 2857, I.R.C.)

§ 190.437 *Forms to be provided by users.* Records 52 and 64, and Forms 45, 52A, 52B, 122, 230, 237, and 338 will be provided by users at their own expense but must be in the form prescribed by the Commissioner: *Provided*, That with the approval of the Commissioner the forms may be modified to adapt their use to tabulating or other mechanical equipment: *And provided further*, That where the form is printed in book form, including loose-leaf books, the instructions may be printed on the cover or the flyleaf of the book instead of on the individual form.*

§ 190.438 *Record 64.* Rectifiers will also keep book Form 64 and enter therein the data called for by the headings of the columns and lines thereof, respecting Forms 122 and 237, at the time such forms are forwarded to the district supervisor after the spirits have been dumped for rectification, or removed to the finished products room, as the case may be.*

§ 190.439 *Filing of Forms 122, 230, and 237.* Rectifiers shall maintain separate files for Forms 122, 230, and 237, and shall file all such forms in serial order in their respective files and shall preserve them for a period of four years at the rectifying plant, available for inspection by Government officers.*

§ 190.440 *Examination by Government officers.* Government officers inspecting rectifying plants, or assigned to duty thereat, will examine Form 45 and Record 64 (and 52, if kept) from time to time to see that they are being properly kept and will see that copies of Forms 122, 230, 237, and 45 are being retained in proper order by the rectifier at the rectifying plant, available for inspection by Government officers.*

Article XL—Government Officer's Records and Reports

Record of Rectifying Operations

§ 190.441 *Form 39.* The Government officer assigned to the rectifying plant will keep a current record on Form 39 of the rectifier's returns on Forms 122 and 237 and of the balance of proof gallons in the process of rectification.*

§ 190.442 *Entry of spirits dumped.* When Form 122 is approved, authorizing the rectifier to dump spirits, wines, or other liquors for rectification, the Government officer will enter on Form 39 the date of Form 122 and the number of proof gallons dumped.*

§ 190.443 *Entry of spirits rectified.* When Form 237 covering the gauge of spirits or other liquors rectified is submitted by the rectifier for approval, the Government officer will, before approving the same, refer to Form 39 to ascertain whether the rectifier has a sufficient balance of lawful tax-paid spirits previously dumped for rectification to cover the proof gallonage shown by the Form 237. If the officer finds such to be the case and, after inspection of the rectified spirits or other liquors and vertification of the entries, approves the Form 237, he will enter the date of Form 237 and the proof gallons covered thereby on Form 39, and will deduct such proof gallonage from the quantities covered by Forms 122 previously entered on Form 39, and list in the proper column the remaining balance, if any (in proof gallons), of spirits dumped for rectification for which Forms 237 have not been filed.*

§ 190.444 *Approving officer to keep Form 39.* In any case where Forms 122 and Forms 237 are approved regularly by the district supervisor or a designated officer instead of the storekeeper-gauger, Form 39 will be kept by the approving officer and referred to in the same manner as when kept by the storekeeper-gauger.*

Record and Report of Red Strip Stamps

§ 190.445 *Record, Part I, Form 182.* Government officers assigned to rectifying plants will keep a record of strip stamps received and used on Part I of Form 182. Entries will be made on Form 182 daily, as indicated by the headings of the various columns and lines, and in accordance with the instructions on the form. The record will be kept in bound form, available for inspection by other Government officers.* (Sec. 2803 (d), I.R.C.)

§ 190.446 *Monthly report, Part II, Form 182.* At the close of the month or within five days thereafter, the Government officer will prepare a monthly report on Part II of Form 182, in quadruplicate, of strip stamps received and used during the month. The officer will retain one copy of Part II, available for inspection by other Government officers, furnish one copy to the rectifier, and forward two copies to the district supervisor. The district supervisor will, after audit, forward one copy of Part II of Form 182 to the Commissioner not later than the last day of the month succeeding that for which the report is rendered, and will retain the remaining copy.* (Sec. 2803 (d), I.R.C.)

Article XLI—District Supervisor's Monthly Report

§ 190.447 *Form 183.* Each district supervisor will render a monthly report of transactions at rectifying plants on Form 183 for each State within his district. The entries will be made as indicated by the headings of the columns and lines of the form. The report will be prepared in duplicate and one copy will be forwarded to the Commissioner not later than the last day of the month succeeding that for which rendered. The remaining copy will be retained by the district supervisor.*

Article XLII—Safeguarding Red Strip Stamps and Government Property

§ 190.448 *Storage in Government cabinet.*—The rectifier's supply of red strip stamps, the Government seals, and the Government officer's records and other Government property when not in use, shall be kept in the Government cabinet, which shall be locked with a Government seal lock, the key to which shall at all times remain in the possession of the Government officer. The officer must not leave the cabinet open, except in his presence, or give the key thereof to anyone except another Government officer authorized to receive it. Where it is necessary to open the cabinet at various times during the day, the seal will not be inserted until the lock is closed for the night, unless the duties of the Government officer require him to leave the rectifying plant during the day.*

Article XLIII—Operating Under a New Name or Under Different Trade Names or Styles

§ 190.449 *Qualification of proprietor.* Whenever the proprietor of a rectifying plant desires to change the individual or corporate name, or to operate under a trade name or style not previously approved, he must secure approval of such change in the manner prescribed in § 190.109 (a) prior to the commencement of operations. Thereafter, whenever he desires to again operate under a trade name or style which has been previously approved he must comply with § 190.109 (b), prior to commencement of operations thereunder.*

§ 190.450 *Spirits in process of rectification or bottling.* Whenever a rectifier desires to operate his rectifying plant under a new individual or corporate name, or a trade name or style other than the trade name or style under which

he is then operating, and has complied with the above provisions, he will not be required to complete the rectification of spirits or wines dumped for the purpose, or the bottling or packaging of spirits or wines covered by approved Forms 230 or 237, before commencing business under the new individual or corporate name or under such other trade name or style.*

§ 190.451 *Marking, branding, and labeling.* The spirits will be marked, branded, and labeled in the individual or corporate name or trade name or style under which they are packaged or bottled.*

§ 190.452 *Outstanding Forms 230 and 237.* When a change in the individual or corporate name, or in the trade name or style, takes place at a rectifying plant the proprietor shall enter on both copies of each outstanding Form 230 and on all copies of each outstanding Form 237 the total quantity of spirits bottled under each prior to the effective date of the change, giving all the information required by the form. Each of such entries shall be followed by a statement, dated and signed by the rectifier, showing that the remainder of the spirits or wines described on the form are to be bottled under the new name. Upon completion of the bottling the proprietor will complete the execution of the forms under the new name, and, after submitting them to the Government officer for verification, will dispose of them in the manner prescribed in Articles XXX and XXXIV. If Form 237 covers spirits to be removed in barrels or similar packages the form will be completed in the name under which the rectified spirits stamps were applied for and issued.*

§ 190.453 *Records.* Separate records on Forms 45, 39, and 182, and on Record 64 will not be required for operations under a new individual or corporate name or under each trade name or style. The rectifier shall, however, note on Form 45 and Record 64 the individual or corporate names or the trade names or styles under which operations were conducted during the month, and the dates of operation under each. The storekeeper-gauger will make a similar notation on Forms 39 and 182.*

Article XLIV—Change of Proprietorship

§ 190.454 *Completion of operations required.* When a succession or actual change in the proprietorship of a rectifying plant takes place other than a change brought about by operation of law, as by the appointment of an administrator, executor, assignee, receiver, trustee, or other fiduciary, the business of rectification, the bottling of liquors rectified, and the bottling of spirits and wines without rectification must, except as hereinafter provided, be completely finished by the person or persons who have been carrying on the business and all spirits and wines on hand removed from the premises before the business shall be undertaken or begun by the succeeding proprietor. The successor of a rectifier shall not commence operations until all documents required for his qualification as such have been approved by the Commissioner.*

§ 190.455 *Transfer of spirits to successor.* The outgoing rectifier may transfer to his successor all spirits on hand, including those in the process of rectification: *Provided,* That where any spirits to be so transferred have been subjected to a process of rectification, all taxes due thereon shall be paid by the outgoing rectifier before transfer to the successor, irrespective of whether or not the process of rectification has been completed: *And provided further,* That the notice, bond, and other qualifying documents of the successor have been approved by the Commissioner to take effect on the day next succeeding that at the close of which the transfer is to be made. The required qualifying documents of the successor should be submitted to the district supervisor, and by him forwarded to the Commissioner, in sufficient time to permit approval for the date desired.*

§ 190.456 *Gauging of partially rectified products.* All partially rectified products to be transferred to the successor shall be drawn from the processing tanks and receptacles into packages or bottling tanks, gauged, and retained therein pending tax-payment by the outgoing rectifier, except that (1) partially rectified spirits in gaugeable packages may be gauged and retained therein pending tax-payment and transfer to the successor, and (2) partially rectified products which are to be further rectified by the successor may be run into a weighing tank, or, if no weighing tank has been provided, into a bottling tank and gauged, and then returned to processing tanks or receptacles and retained therein pending tax-payment and transfer to the successor. A separate Form 237 shall be prepared in quadruplicate for each tank, and in triplicate for each lot of packages containing the same kind of product in the same stage of rectification.*

§ 190.457 *Determining tax liability of partially rectified products.* The tax liability of partially rectified products to be transferred to the successor shall be determined in accordance with the provisions of § 190.301, pertaining to the tax-payment of partially rectified products for removal from the plant. If the partially rectified products are such as are subject to tax under section 3030 (a), I.R.C., the outgoing rectifier shall, as provided by said § 190.301, append to each copy of Form 237, before the same is submitted to the Government officer for certification, and by him submitted to the district supervisor for approval, a precise statement showing the extent to which the products have been rectified and their present character. The district supervisor will specify on the form the tax or taxes due, and will return all copies to the rectifier.*

§ 190.458 *Tax-payment of partially rectified products.* Upon receipt from the district supervisor of Form 237, with the tax or taxes due duly specified, the outgoing rectifier shall, in the case of all partially rectified products in packages, and in the case of such partially rectified products in tanks as are subject to the rectification tax, forward all copies of the form to the collector with remittance for the rectification tax due, if any. The collector, will execute the certificate of tax-payment, in all cases where remittance is received, retain one copy, and return the remaining copies to the rectifier, together with the required number of the appropriate class of rectified spirits stamps where packages are listed on the form. The outgoing rectifier will affix the rectified spirits stamps to the packages for which they were issued, and will cancel such stamps and mark and brand the packages, as provided in Articles XXXV and XXXVII. If the partially rectified products are subject to tax under section 3030 (a), I.R.C., wine stamps representing such tax will be affixed to the packages and canceled. If the Form 237 covers a partially rectified product in a tank, one copy thereof will be attached to the tank pending transfer to the successor. If the partially rectified product in the tank is subject to tax under section 3030 (a), I.R.C., wine stamps representing such tax will be affixed to the tank and canceled by the outgoing rectifier.*

§ 190.459 *Completion and disposition of Form 237.* When the partially rectified products in packages have been tax-paid (if subject to tax) and removed to the finished products room, and such products in tanks have been tax-paid (if subject to tax) and transferred to the successor, the outgoing rectifier shall make appropriate notation of the disposition of the products on Form 237, and, after verification by the Government officer, will retain one copy of the form and forward one copy to the district supervisor. The extra copy of Form 237 in the case of rectified products in tanks not subject to the rectification tax will be destroyed.*

§ 190.460 *Rectification of partially rectified products by successor.* When rectified products contained in tanks are to be further rectified by the successor, he shall, immediately upon receipt thereof from the outgoing rectifier, prepare and submit Form 122 to show a constructive dumping of the products by him for rectification. The form will be prepared and submitted in the manner prescribed by Article XXVI for the regular dumping of spirits for rectification, except that the copy of Form 237 attached to the tank by the outgoing rectifier will be removed and attached to the district supervisor's copy of Form 122 as evidence of the tax-paid character of the product, in lieu of the cut-out portions of the stamps required to be attached to the form when packages are dumped. Any wine stamps affixed to the tank will be destroyed at the time Form 237 is re-

moved for attachment to Form 122. Upon completion of the process of rectification, pursuant to an approved formula, the successor shall prepare and submit Form 237 and pay all taxes due on the product in accordance with the procedure prescribed in Article XXX. Partially rectified products received from the outgoing rectifier in packages may be returned to the processing room and dumped for further rectification, pursuant to Form 122, provided appropriate entries are made in Form 45 to show a constructive transfer of the products from the finished products room to the receiving room.*

§ 190.461 *Bottling of partially rectified products by successor.* Where partially rectified products in bottling tanks are transferred to the successor and such products are to be bottled without further rectification, the successor shall prepare and submit Form 230 in the manner prescribed by Article XXXIV, except that the copy of Form 237 attached to the bottling tank by the outgoing rectifier will be removed and attached to the district supervisor's copy of Form 230 as evidence of the tax-paid character of the product in lieu of the cut-out portions of stamps required to be attached to the form when packages are dumped. Any wine stamps attached to the bottling tank will be destroyed at the time of removal of Form 237 for attachment to Form 230.*

§ 190.462 *Tax-payment of completely rectified products.* Where completely rectified products are to be transferred to the successor, such products shall be drawn into packages or run into bottling tanks and gauged, Form 237 shall be prepared and submitted, and all taxes due on such products shall be paid by the outgoing rectifier, in accordance with the procedure prescribed in Article XXX. If completely rectified products in bottling tanks are to be bottled by the successor, the same procedure shall be followed as in the case of the bottling of partially rectified products contained in such tanks.*

§ 190.463 *Bottling of unrectified products by successor.* Where there is a change of proprietorship in a rectifying plant, and products to be bottled without rectification, covered by Form 230, are to be transferred to the successor prior to completion of bottling, the outgoing rectifier shall enter on all copies of each such form the total quantity of products bottled under each by him prior to the effective date of transfer, giving all the information required by the form. Each of such entries shall be followed by a statement dated and signed by the outgoing rectifier showing that the remainder of the products described on the form are to be transferred to the successor. The outgoing rectifier will complete the form, retain one copy, and forward one copy to the district supervisor. When the transfer has been effected, the successor may bottle such products without rectification pursuant to Form 230 filed by him. The Form 230 of the successor should contain a reference to the Form 230 of the predecessor to identify the products.*

§ 190.464 *Transfer of strip stamps forbidden.* The outgoing rectifier may not transfer any strip stamps to his successor. Where the change of proprietorship of the plant is to be of a temporary nature any strip stamps on hand belonging to the outgoing proprietor may be retained in the custody of the storekeeper-gauger pending the qualification and resumption of operations by such proprietor.* (Sec. 2803 (d), I.R.C.)

§ 190.465 *Records and reports.* Where there is a change in proprietorship otherwise than by operation of law, the outgoing rectifier shall make appropriate entries on Form 45 covering all spirits transferred to his successor, who shall in turn enter such items on his Form 45 as received from his predecessor. If there should be transferred to the successor any spirits in the processing room which have been dumped pursuant to Form 122, but which have not been subjected to any process of rectification, the outgoing rectifier will take credit therefor on his Record 64 and the successor will enter an appropriate charge on his Record 64. The storekeeper-gauger will keep a separate record on Form 39 for the successor, and will make similar entries on such form for the outgoing rectifier and for the successor to cover the transfer of such spirits. The storekeeper-gauger will also keep a separate record on Form 182 for the successor.*

§ 190.466 *Succession by fiduciary.* Where a change of proprietorship is brought about by operation of law, the administrator, executor, assignee, receiver, trustee, or other fiduciary may not continue the business until the required qualifying documents have been filed and approved. In the case of such change, the fiduciary shall make appropriate notation of his succession on Form 45 and Record 64 and on all copies of each outstanding Form 230 and Form 237, and upon completion of the bottling of spirits covered by Form 230 or Form 237, he shall complete the execution of the forms and dispose of the same as provided in Articles XXX and XXXIV. The storekeeper-gauger will make similar notation of such succession on Form 39 and Form 182.*

Article XLV—Discontinuance of Operations

§ 190.467 *Disposition of spirits.* Upon permanent discontinuance of business, and prior to the filing of notice thereof on Form 27–B, as prescribed in § 190.470, all spirits on hand must have been lawfully removed from the premises. Persons to whom such spirits are sold or delivered must be qualified to receive the same.*

§ 190.468 *Disposition of indicia bottles.* If there are any indicia bottles on hand, the same will be inventoried by the storekeeper-gauger or other officer designated for the purpose by the district supervisor. The disposition of such bottles will be in accordance with the procedure prescribed in Regulations 13 (26 CFR Part 175).*

§ 190.469 *Disposition of red strip stamps.* All of the red strip stamps, if any, belonging to the proprietor at the time of permanent discontinuance of business will be inventoried by denomination, serial number, and quantity, by the storekeeper-gauger or other officer designated by the district supervisor to perform such duty. The officer will deliver such stamps to the proprietor and take his receipt therefor, in triplicate. When delivering the stamps the officer will advise the proprietor that the stamps may, if in a value of $5 or more and if purchased within one year, be submitted with a claim for refund on Form 843 to the collector of internal revenue of the district, or they may be destroyed in the presence of the Government officer and the proprietor thereby relieved from further accountability for the stamps. If the stamps are not surrendered to the collector for refund or are not destroyed, the proprietor must account for the stamps each month by rendering Form 96, in duplicate, to the district supervisor. The officer shall make a notation on the receipt as to the disposition made or to be made of the stamps. One copy of the receipt will be delivered to the proprietor and the original and one copy will be delivered to the district supervisor, who will promptly forward the original to the Commissioner.* (Sec. 2803 (d), I.R.C.)

§ 190.470 *Notice, Form 27–B.* When all spirits, indicia bottles, and red strip stamps have been lawfully disposed of, the proprietor shall file Form 27–B, in triplicate, with the district supervisor, stating the purpose of the filing thereof to be "Permanent discontinuance of business." The district supervisor will forward the original of the Form 27–B to the Commissioner, with a copy of the report of the Government officer, reflecting compliance with the foregoing provisions of this section.*

Article XLVI—Manufacture, Tax-Payment, Removal, and Registration of Stills and Worms

§ 190.471 *General.* Whenever rectifiers manufacture or reconstruct stills or worms, or set up, sell, or remove stills or distilling apparatus, they must comply with the regulations governing the payment of special and commodity taxes, the securing of permits before setting up or removing stills and distilling apparatus, and the registration of stills and distilling apparatus set up (26 CFR Part 181).* (Secs. 2810, 2818, 3250 (j), 3254 (h), I.R.C.)

Article XLVII—Concerning Locks and Seals

§ 190.472 *Furnished by Government.* The Commissioner will furnish, at the

expense of the United States, all Government locks and seals required to be used at rectifying plants. District supervisors will see that rectifying plants in their respective districts are fully equipped with locks in good condition and that the necessary seals are provided for seal locks.*

§ 190.473 *Where locks are required.* District supervisors will bear in mind that Government locks are required upon the door of the Government cabinet; upon the entrance doors of the wine bottling and export storage rooms, if any; upon the manheads, inlets, outlets, and other openings of storage tanks, receiving tanks for purified or refined spirits, and bottling tanks; upon the manheads of gravity tanks; upon the valves in pipe lines which convey spirits from rectifying stills to receiving tanks where the pipe lines are equipped for refluxing the spirits to the stills or for by-passing the berry basket in the case of gin stills, or which convey spirits from bottling tanks in the rectifying plant to bottling tanks in a contiguous tax-paid bottling house or rectifying plant; and upon such other valves, stopcocks, and openings in equipment and apparatus as are required by these regulations or deemed necessary by the district supervisor to be secured with Government locks.*

§ 190.474 *Defective or broken locks.* Whenever any Government lock becomes defective or broken, the storekeeper-gauger will return it to the district supervisor with a letter giving the kind and number. When the district supervisor has accumulated a sufficient number of such defective or broken locks, he will destroy the same and report the destruction thereof to the Commissioner.*

§ 190.475 *Seal locks.* Seal locks will be used on the door of the Government cabinet; on the entrance door of the export storage room, if any; and on such other places where the use of seal locks is required by these regulations or deemed necessary by the district supervisor.*

§ 190.476 *Plain locks.* Plain locks will be used at all other places in the rectifying plant where locks are required by these regulations.*

§ 190.477 *Use of seal lock.* The seal lock is constructed with a clasp attached thereto, with blind hinges at the bottom opening downward. This clasp covers an indentation in the face of the lock surrounding the keyhole for the insertion of the seal. When it is desired to seal-close the lock, a seal will be placed in the indentation made for its reception, and the seal clasp will then be shut and the hasp pushed down into the lock, thereby locking the lock and seal clasp.*

§ 190.478 *Use of lock seals.* Lock seals are numbered consecutively and care will be taken to use them in the order in which they are numbered, beginning with the lowest number. In cases where locks are required to be opened several times during the day, the seal will not be inserted until the lock is closed for the night, unless the duties of the storekeeper-gauger having the lock in charge require him to leave the rectifying plant during the day. All seals must be so, inserted that the serial numbers will be visible through the keyhole after the locks are fastened. Government officers will, before opening seal locks, see that the seal has not been broken or tampered with.*

§ 190.479 *Custody of locks.* Government locks when not required for use at plants will be retained in the possession of the district supervisor. Receipts will be taken by district supervisors from storekeeper-gaugers for all locks and seals issued to them. Storekeeper-gaugers are strictly prohibited from intrusting locks, keys, or seals in their possession to any person other than an internal revenue officer entitled to receive them, and under no circumstances will they permit locks to remain open, whether hanging by the shackle or otherwise.*

§ 190.480 *Custody of keys.* The Government officer will keep the keys to Government locks in use under his charge in his custody at all times and will not permit them at any time to go into the possession of the rectifier or any other person, except the district supervisor or another Government officer authorized to receive them.*

§ 190.481 *Storekeeper-gauger's report of locks and seals, Form 289.* Storekeeper-gaugers will render to district supervisors a monthly report of all locks and lock seals in their charge, on Form 289, "U. S. Storekeeper-Gaugers' Report of Locks, Seals, Gaugers' Manuals, Hydrometers, and other Equipment." *

§ 190.482 *District supervisor's report of locks and seals, Form 152.* District supervisors will be held accountable for the Government locks and seals, including cap seals, supplied upon their respective requisitions, and for those received from their predecessors in office. Outgoing district supervisors will take receipts from their successors in office for the Government locks then in use and on hand, and for seals on hand, in the district. District supervisors will keep an account of locks and seals, and will make return thereof quarterly to the Commissioner on Form 152, "Return of Locks, Seals, and Gauging Instruments." *

§ 190.483 *Requisition for lock seals.* Lock seals will be furnished by the Commissioner in sheets of 54 seals each, upon requisition by the district supervisor. Requisitions should be made for the number of seals sufficient to meet the needs of the district for six months.*

Article XLVIII—Officer's Right of Entry and Examination

§ 190.484 *Authority to enter and inspect.* Internal revenue officers have authority under the law to inspect at any reasonable hour the records, liquors, and premises of rectifiers to determine that all provisions of the internal revenue laws and the regulations promulgated thereunder are being complied with. Officers desiring to make inspections will identify themselves by exhibiting their credentials. Any denial of or interference with such inspection by the rectifier, his agents or employees, is a violation of law and will be reported as such for appropriate action.* (Sec. 3601, I.R.C.)

§ 190.485 *Authority to break up grounds or walls.* Under the law, any internal revenue officer and any persons acting in his aid may break up the ground on any part of the premises of a rectifier or any ground adjoining or near any such premises, or any wall or partition thereof or belonging thereto, or other place, to search for any pipe, cock, private conveyance, or utensil, and upon finding any pipe or conveyance leading from or to such premises to break up any ground, house, wall, or other place through or into which such pipe or conveyance leads, and to break or cut away such pipe or other conveyance. Before taking action under the law, the investigating officer should consult with his superior officer or the district supervisor, unless the circumstances are such as to require immediate action.* (Sec. 2830, I.R.C.)

§ 190.486 *Rectifiers to furnish assistance.* Under the law, on demand of any internal revenue officer, every rectifier shall furnish convenient ladders to enable the officer to examine any vessel or utensil in his rectifying plant, and shall furnish all assistance, lights, tools, or other things necessary for inspecting the premises and apparatus, and shall open all doors, boxes, packages, and all casks, barrels, and other vessels not under the control of the Government officer in charge thereof.* (Sec. 2828, I.R.C.)

[SEAL] GUY T. HELVERING,
Commissioner of Internal Revenue.

Approved, May 20, 1940.

JOHN L. SULLIVAN,
Acting Secretary of the Treasury.

[F. R. Doc. 40-2083; Filed, May 22, 1940; 3:45 p. m.]

[Regulation 16]

SUBCHAPTER C—MISCELLANEOUS EXCISE TAXES

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Article I—Scope of Regulations

§ 187.1 *Denaturation and withdrawal.* These regulations are prescribed pursuant to the provisions of law governing the denaturation of rum and its withdrawal from the denaturing bonded warehouse.*

§ 187.2 *Sale and use.* The sale of denatured rum by dealers, and the use thereof by manufacturers, shall be in accordance with the provisions of Regulations 3 (26 CFR Part 182).*

Article II—Regulations Superseded

§ 187.3 *Effective date.* These regulations shall, on and after the sixtieth day following the date of approval, supersede Regulations No. 30, revised October 12, 1917, and all amendments and modifications thereof, to the extent that such regulations as amended, modified, or supplemented, pertain to the denaturation of rum and the withdrawal of the denatured rum from the denaturing bonded warehouse. But these regulations shall not affect or limit any act done or any liability incurred under any regulations superseded hereby, or any suit, action, or proceeding had or commenced in any civil, administrative, or criminal cause or proceeding prior to the effective date of these regulations, nor shall these regulations release, acquit, affect, or limit any offense committed in violation of previously existing regulations, or any

*§§ 187.1 to 187.133 issued under authority contained in sections 3070 and 3176, Internal Revenue Code (Public, No. 1, 76th Congress).

penalty, liability, or forfeiture incurred prior to such date.*

Article III—Definitions

§ 187.4 *Definitions.* As used in these regulations, the following words and phrases shall have the meanings as herein defined:

(a) "Collector" shall mean collector of internal revenue.

(b) "Commissioner" shall mean the Commissioner of Internal Revenue.

(c) "Distillery denaturing bonded warehouse" or "denaturing bonded warehouse" shall mean a bonded warehouse established or operated under these regulations on the premises of a registered distillery for the denaturation of rum of not less than 150 degrees of proof produced at such distillery.

(d) "Distillery premises" shall mean the lot or tract of land described in the distiller's notice, Form 27–A, on which the distillery is located.

(e) "District supervisor" or "supervisor" shall mean the person having charge of a supervisory district of the Alcohol Tax Unit of the Bureau of Internal Revenue.

(f) "I.R.C." shall mean the Internal Revenue Code (Public, No. 1, Seventy-sixth Congress).

(g) "Person" or "proprietor" shall include natural persons, associations, copartnerships, and corporations.

(h) "Proprietor" shall mean the operator of the distillery denaturing bonded warehouse, unless otherwise indicated.

(i) "Rum" shall mean any alcoholic distillate from the fermented juice of sugarcane, sugarcane sirup, sugarcane molasses, or other sugarcane by-products distilled at less than 190 degrees of proof in such manner that the distillate possesses the taste, aroma, and characteristics generally attributed to rum, and withdrawn at not less than 150 degrees of proof.

(j) "Tank car" shall mean a railroad tank car conforming to the requirements of these regulations.

(k) Words in the plural form shall include the singular and *vice versa*, and words in the masculine gender shall include females, associations, copartnerships, and corporations.*

Article IV—Location

§ 187.5 *On distillery premises.* Distillery denaturing bonded warehouses for the denaturation of rum of not less than 150 degrees of proof may be established by the proprietor of a registered distillery only, and such warehouse must be located on the distillery premises.*

Article V—Construction

§ 187.6 *Buildings.* The buildings or rooms constituting the distillery denaturing bonded warehouse must be securely constructed of brick, stone, wood, concrete, or other substantial material and must be completely separated from contiguous buildings or rooms by solid, unbroken walls or partitions of substantial construction extending from the ground or floor to the roof or ceiling: *Provided*, That necessary openings may be permitted in such walls or partitions for the passage of approved steam, water, electric, sewer, or similar lines, and for the passage of approved pipe lines for the conveyance of rum to the denaturing bonded warehouse. The foundations, floors, walls, and roofs and the doors, windows, and other openings shall be constructed, and such doors, windows, and other openings shall be protected and secured, in accordance with the requirements, insofar as applicable, of Article V of Regulations 10 (26 CFR Part 185), relating to internal revenue bonded warehouses; and the means of ingress to and egress from the denaturing bonded warehouse shall conform to the requirements of § 185.6 of the said regulations.*

§ 187.7 *Denaturing material storeroom.* The proprietor must provide within the denaturing bonded warehouse a denaturing material storeroom for use solely for the storage of denaturing materials, except that this requirement shall not apply where permanently fixed metal tanks, of such size that they cannot be readily removed and so constructed that they can be securely locked with a Government lock, are installed within the denaturing bonded warehouse for the storage of the denaturing materials. The proprietor shall place over the entrance door of the room a sign bearing, in plain and legible letters, the words "Denaturing Material Storeroom." If more than one such storeroom is provided, each shall be given an alphabetical designation, which shall appear on the sign. If denaturants are stored in original packages or other portable receptacles, a denaturing material storeroom must be provided. The walls of the denaturing material storeroom must be securely constructed of substantial materials and extend from the floor to the ceiling. The entrance door of such storeroom must open into the denaturing bonded warehouse, and be so equipped that it may be securely locked with a Government lock. All other doors of such storeroom must be locked on the inside of the room with Government locks.*

§ 187.8 *Rum storeroom.* Where rum is received in barrels, drums, or similar containers, the proprietor must provide within the denaturing bonded warehouse a rum storeroom for use solely for the storage of rum, unless all rum received in such containers is immediately transferred into rum storage or mixing tanks provided in accordance with § 187.16. The rum storeroom must be constructed in accordance with the requirements of § 187.6. The entrance door of such storeroom must be so equipped that it may be securely locked on the outside of the room with a Government lock. The proprietor shall place over the entrance door of the room a sign bearing, in plain and legible letters, the words "Rum Storeroom." If more than one such storeroom is provided, each shall be given an alphabetical designation, which shall appear on the sign.*

§ 187.9 *Specially denatured rum storeroom.* Where specially denatured rum is retained on the premises in barrels, drums, cans, or similar containers, the proprietor must provide on the denaturing bonded warehouse premises a separate room (or building) for use solely for the storage of specially denatured rum. The specially denatured rum storerocm must be constructed in accordance with the requirements of § 187.6. The entrance door of such storeroom must be so equipped that it may be securely locked on the outside of the room with a Government lock. The proprietor shall place over the entrance door of the specially denatured rum storeroom a sign bearing, in plain and legible letters, the words "Specially Denatured Rum Storeroom." If more than one such storeroom is provided, each shall be given an alphabetical designation, which shall appear on the sign.*

§ 187.10 *Empty container storeroom.* If empty barrels or other containers are to be stored in the denaturing bonded warehouse, a separate room must be provided for such purpose. Such room shall not have any means of interior communication with any other part of the denaturing bonded warehouse. This room may be used for general cooperage purposes.*

§ 187.11 *Government cabinet.* There shall be provided in the denaturing bonded warehouse a metal cabinet of adequate strength and size, suitably equipped for locking with a Government seal lock, for use in safeguarding the keys of Government locks, seals, records, and other Government property: *Provided*, That where a cabinet of sufficient size conforming to these specifications is installed in the Government office for the distillery or internal revenue bonded warehouse, and such office is so located that the cabinet therein will be readily accessible to Government officers assigned to the denaturing bonded warehouse, a separate cabinet in the denaturing bonded warehouse will not be required. Each Government cabinet shall be subject to approval by the district supervisor.*

Article VI—Sign

§ 187.12 *Posting of sign.* The proprietor shall place and keep conspicuously on the outside and at the front of the denaturing bonded warehouse where it can be plainly seen, a sign exhibiting in plain and legible letters painted in oil colors or gilded, not less than 3 inches in height, and of a proper and proportionate width, the name of the proprietor and the words "Distillery Denaturing Bonded Warehouse," followed by the registered number of the warehouse. If the warehouse consists of two or more buildings, the required sign will be placed over the entrance of each building, and there shall also be shown on such sign the alphabetical designation of the building.*

Article VII—Equipment

§ 187.13 *Scales.* The proprietor of the denaturing bonded warehouse must provide suitable and accurate scales for weighing rum gauged in packages and specially denatured rum drawn into packages. The beams or dials of such scales must indicate weight in half-pound graduations.*

§ 187.14 *Weighing tanks.* Where rum received in packages, or by pipe line from the distillery receiving cisterns or from storage tanks in an internal revenue bonded warehouse on the distillery premises, is placed in rum storage tanks, the proprietor must provide in the denaturing bonded warehouse one or more suitable weighing tanks, constructed and marked in accordance with § 185.28 of Regulations 10 (26 CFR Part 185).*

§ 187.15 *Test weights.* The proprietor shall provide a set of test weights conforming to the requirements of section 185.29 of Regulations 10 (26 CFR Part 185), unless he has provided such test weights at the distillery or at an internal revenue bonded warehouse on the same or contiguous premises or at a rectifying plant on contiguous premises. Such test weights shall be under the control and in the custody of the storekeeper-gauger in charge, who shall keep them under Government lock when not in use.*

§ 187.16 *Tanks.* Rum storage tanks, denaturing material storage tanks, mixing tanks, denatured rum tanks, and other similar tanks shall be constructed and secured in conformity with the provisions of § 185.30, Regulations 10 (26 CFR Part 185). Each tank shall have plainly and legibly painted thereon its designated use, such as "Rum Storage Tank," "Denaturing Material Storage Tank," etc., followed by its serial number and capacity in wine gallons.*

§ 187.17 *Pipe lines.* Pipe lines for the conveyance of rum to and from storage tanks, rum and denaturants to mixing tanks, and denatured rum from mixing tanks and to and from denatured rum storage tanks, shall be of a fixed and permanent character, constructed, secured, and exposed to view throughout their entire lengths, in conformity with the requirements, insofar as applicable of §§ 185.31 and 185.32 of Regulations 10 (26 CFR Part 185), relating to internal revenue bonded warehouses. Pipe lines for the conveyance of other substances shall not be permanently connected with such tanks.*

§ 187.18 *Colors for pipe lines.* The pipe lines in the denaturing bonded warehouse used for conveying the following substances shall be kept painted in the colors indicated:

Black	Rum.
Dark green	Denatured rum.
Light green	Denaturants.
White	Water.
Aluminum	Air.
Orange	Steam.

These colors are intended for such pipe lines only, and are prescribed for the purpose of distinguishing such pipe lines from each other and from all other pipe lines on the premises which are painted but for which colors are not prescribed. The painting in one of the prescribed colors, or a color similar thereto, of a pipe line for which a color is not prescribed, is prohibited. Pipe lines for which colors are not prescribed may be painted in sections of not more than 3 feet in contrasting colors.*

§ 187.19 *General.* The provisions of §§ 185.34 and 185.35 of Regulations 10 (26 CFR Part 185), concerning details of construction and equipment, and the construction and equipment of existing warehouses, shall apply to distillery denaturing bonded warehouses.*

Article VIII—Qualifying Documents

§ 187.20 *Application, Form 571.* Every person engaged in the business of operating a registered distillery or intending to engage therein, who desires the establishment of a distillery denaturing bonded warehouse on the distillery premises, shall file application therefor on Form 571, "Application for Approval of Distillery Denaturing Bonded Warehouse," in triplicate, with the district supervisor. Except as provided in § 187.24 in the case of amended and supplemental applications, all of the information indicated by the lines of the form and the instructions printed thereon, and by these regulations, shall be furnished. Applications on Form 571 must be signed in accordance with the instructions printed on the form and sworn to before an officer authorized to administer oaths. Such applications must be numbered serially, commencing with number 1 and continuing in regular sequence for all applications thereafter filed, whether amended or supplemental.*

§ 187.21 *Description of warehouse.* The application shall contain a complete description of the buildings or rooms constituting the warehouse, in accordance with the requirements, insofar as applicable, of § 185.39 of Regulations 10 (26 CFR Part 185), relative to internal revenue bonded warehouses.*

§ 187.22 *Description of tanks.* Rum storage tanks, weighing tanks, denaturing material storage tanks, mixing tanks, and denatured rum tanks shall be described in the application, Form 571, the designation, serial number, and capacity in wine gallons of each being shown.*

§ 187.23 *Capacity.* The estimated maximum quantity, in proof gallons, of rum to be received in the denaturing bonded warehouse during a period of 30 days shall be stated in the application.*

§ 187.24 *Amended and supplemental applications.* The provisions of § 185.42, Regulations 10 (26 CFR Part 185), regarding the filing of amended and supplemental applications, shall apply to Form 571.*

§ 187.25 *Corporate documents.* Where the applicant is a corporation there must be submitted with and made a part of the application, Form 571, certified copies, in triplicate, of the supporting documents described in §§ 183.83, 183.84, and 183.85 of Regulations 4 (26 CFR Part 183), unless such documents were filed with and made a part of the distiller's notice, Form 27–A, in which event a statement, in triplicate, to that effect may be submitted in lieu of a separate set of such documents.*

§ 187.26 *Articles of copartnership or association.* Where the applicant is a copartnership or association there must be submitted with and made a part of the application, Form 571, certified copies, in triplicate, of the articles of copartnership or association, if any, unless certified copies of such articles were filed with and made a part of the distiller's notice, Form 27–A, in which event a statement, in triplicate, to that effect may be submitted in lieu of a separate set of such articles.*

§ 187.27 *Power of attorney.* The provisions of sections 183.87 to 183.89, inclusive, Regulations 4 (26 CFR Part 183), concerning powers of attorney, shall apply to proprietors of distillery denaturing bonded warehouses: *Provided,* That where a power of attorney has been filed in connection with the distiller's notice, Form 27–A, and supporting documents, and the terms of such power of attorney are broad enough to cover the execution of documents required for the denaturing bonded warehouse, a statement, in triplicate, regarding such filing of the power of attorney may be submitted with the denaturing bonded warehouse application, Form 571, and supporting documents, in lieu of additional copies of the power of attorney.*

§ 187.28 *Bond, Form 572.* Every person desiring the establishment of a distillery denaturing bonded warehouse on his distillery premises shall, upon filing his application, Form 571, execute bond on Form 572, "Distiller's Denaturing Warehouse Bond," in triplicate, with surety or supported by collateral security, and file the same with the district supervisor. Bonds on Form 572, and consents of surety to changes in the terms thereof, shall conform to the requirements of Article XI of Regulations 4 (26 CFR Part 183), the provisions of which article are hereby extended, insofar as applicable, to bonds and consents of surety required of proprietors of distillery denaturing bonded warehouses.*

§ 187.29 *Penal sum.* The penal sum of the distiller's denaturing warehouse bond, Form 572, shall be not less than the amount of internal revenue tax at the rate prescribed by law on the maximum quantity of rum that will be withdrawn and transferred to the denaturing bonded warehouse for denaturation during any calendar month, plus the quantity, either undenatured or specially denatured, which may remain on hand at

the beginning of the month, but in no case shall the penal sum of the bond be less than $5,000 or more than $100,000.*

§ 187.30 *Plat and plans.* Every person desiring the establishment of a distillery denaturing bonded warehouse on his distillery premises must submit to the district supervisor with his application, Form 571, accurate copies of the plat of the distillery premises and accurate plans of the denaturing bonded warehouse buildings, apparatus, and equipment, in triplicate. The plat and plans shall conform to the requirements of Article XII of Regulations 4 (26 CFR, Part 183), the provisions of which article are hereby extended, insofar as applicable, to plats and plans required of proprietors of distillery denaturing bonded warehouses.*

§ 187.31 *Additional information.* The Commissioner or the district supervisor may at any time, in his discretion, require the proprietor to furnish such additional information as he may deem necessary.*

§ 187.32 *Instruments and papers.* The terms, conditions, and instructions contained in instruments and papers required to be furnished by law or regulations are hereby made a part of these regulations as fully and to the same extent as if incorporated herein.*

Article IX—Requirements Governing Changes in Name, Proprietorship, Control, Location, Premises, and Equipment, and in the Title to the Premises

§ 187.33 *Procedure.* The procedure prescribed in Article XIII of Regulations 4 (26 CFR Part 183), governing changes in name, proprietorship, control, location, premises, and equipment, and in the title to the distillery premises, or the encumbrance thereof, is hereby extended, insofar as applicable, to distillery denaturing bonded warehouses.*

Article X—Action by District Supervisor

§ 187.34 *Procedure applicable.* The provisions of Article XVI of Regulations 4 (26 CFR Part 183), respecting action by the district supervisor in connection with the establishment, and changes subsequent to establishment, of distilleries are hereby extended, insofar as applicable, to distillery denaturing bonded warehouses.*

Article XI—Action by Commisisoner

§ 187.35 *Procedure applicable.* The provisions of Article XVII of Regulations 4 (26 CFR Part 183), respecting action by the Commissioner in connection with the establishment, and changes subsequent to establishment, of distilleries are hereby extended, insofar as applicable, to distillery denaturing bonded warehouses.*

Article XII—Termination of Bonds

§ 187.36 *Denaturing warehouse bonds.* Distillers' denaturing warehouse bonds, Form 572, may be terminated as to liability (1) for rum transferred to the denaturing bonded warehouse after a specified, future date pursuant to application by the surety, or (2) for transactions subsequent to the effective date of an approved superseding bond, or (3) for future transactions upon discontinuance of business by the principal after denaturation of all rum withdrawn or possessed under the bond and the lawful removal of all denatured rum from the warehouse.*

§ 187.37 *Procedure.* The termination of such bonds and the release of collateral deposited in support thereof shall be in accordance with the conditions specified in § 187.36 of these regulations and with the procedure prescribed in Article XVII of Regulations 10 (26 CFR Part 185) for the termination of transportation and warehousing bonds and the release of collateral deposited to support the same, except that (1) the district supervisor's inquiry shall determine whether all rum withdrawn or possessed and all specially denatured rum manufactured or possessed, while the bond was in effect, have been duly accounted for, and (2) the release of collateral need not be deferred for a period of six months from the date of determination that there is no outstanding liability against the bond.*

Article XIII—Control, Custody, and Supervision

§ 187.38 *Control of warehouse.* Every distillery denaturing bonded warehouse shall be under the control of the supervisor of the district in which such warehouse is located.*

§ 187.39 *Custody of warehouse.* Each distillery denaturing bonded warehouse shall be in the joint custody of the storekeeper-gauger and of the proprietor, and shall at no time be unlocked or opened or remain open when rum or denatured rum is present therein, except in the presence of the storekeeper-gauger. The provisions of § 185.140 of Regulations 10 (26 CFR Part 185) respecting the opening of internal revenue bonded warehouses on Sunday or at night shall be applicable to denaturing bonded warehouses. The keys to all Government locks shall remain at all times in the custody of the storekeeper-gauger or of the district supervisor or other officer designated by him. The storekeeper-gauger having custody of such keys will not permit any other person, except the district supervisor or other authorized officer, to secure possession of them.*

§ 187.40 *Storekeeper-gauger to supervise operations.* The distillery denaturing bonded warehouse will be operated under the supervision of the storekeeper-gauger assigned to the distillery or the internal revenue bonded warehouse: *Provided,* That where operations at the distillery or the internal revenue bonded warehouse are such that the officer or officers assigned thereto cannot adequately supervise the operations at the denaturing bonded warehouse, the district supervisor will assign one or more officers to the denaturing bonded warehouse in order that the required supervision may be maintained.*

§ 187.41 *Examination of warehouse.* The storekeeper-gauger charged with the duty of supervising the operations of the denaturing bonded warehouse will, prior to commencement of operations, examine the warehouse and its equipment and will determine that the doors, windows, and other openings are properly protected and equipped for locking; that the inlets, outlets, and other necessary openings of rum storage tanks, weighing tanks, mixing tanks, denaturing material tanks, and denatured rum tanks, and valves in pipe lines, are properly equipped for locking; that the Government cabinet is so equipped that the door thereto may be securely locked with a Government seal lock; and that all tanks, pipe lines, pipe-line connections, and other equipment conform to the requirements of these regulations. The storekeeper-gauger will apply Government locks and seals wherever the same are required.*

Article XIV—Transfer of Rum to Warehouse

§ 187.42 *Methods of transfer.* Rum of not less than 150 degrees of proof may be transferred for denaturation to a distillery denaturing bonded warehouse located on the distillery premises—

(a) By pipe line direct from the distillery receiving cisterns through weighing tanks to storage or mixing tanks in the denaturing bonded warehouse;

(b) By pipe line from the distillery receiving cisterns through weighing tanks to storage tanks in an internal revenue bonded warehouse on the distillery premises and from such warehouse storage tanks through weighing tanks to storage or mixing tanks in the denaturing bonded warehouse; or

(c) In original packages, from an internal revenue bonded warehouse on the distillery premises, if such rum was proproduced at the distillery on the same premises.*

§ 187.43 *Application, Form 573.* When the proprietor desires to transfer rum of not less than 150 degrees proof to the denaturing bonded warehouse for denaturation, he will file application therefor with the storekeeper-gauger in charge on Form 573, in triplicate, except that where the spirits to be transferred are in packages which are required to be regauged as hereinafter provided, such application will be filed in quadruplicate. Where the spirits are to be transferred from distillery receiving cisterns or warehouse storage tanks to the denaturing bonded warehouse by pipe line, the applicant shall specify on Form 573 the maximum number of tax gallons to be so transferred.*

§ 187.44 *Sufficiency of bond.* Where the bond covering operation of a denaturing bonded warehouse is given in less than the maximum penal sum of $100,000, the district supervisor will inform

the storekeeper-gauger in charge of the penal sum of the bond, and the storekeeper-gauger will see that the quantity of spirits transferred to the denaturing bonded warehouse is within the limits of the bond.*

§ 187.45 *Report of gauge, Form 1520.* If the rum described in the application, Form 573, is to be transferred from distillery receiving cisterns or warehouse storage tanks, it will be run into a weighing tank and gauged. If the rum described in the application is in packages, a regauge thereof will be made in accordance with the provisions of the Gauging Manual, except that rum in original packages may be transferred to the denaturing bonded warehouse on the original gauge, if such transfer is made within 30 days of the date of the original entry for deposit. The storekeeper-gauger will enter the details of the gauge, or regauge, as the case may be, on Form 1520, in triplicate, except that an extra copy of such form will be prepared where the regauge of rum in packages discloses a loss in excess of the statutory allowance for leakage or evaporation. Where packages of rum are transferred to the denaturing bonded warehouse on the original gauge, the storekeeper-gauger will copy the details of such gauge on Form 1520.*

§ 187.46 *Tax-payment of excess loss.* Where the regauge of packages discloses an excess loss the storekeeper-gauger will return all four copies of Form 573 to the distiller with a copy of Form 1520 attached to each of three of the Forms 573. The remaining copy of Form 1520 will be retained by the storekeeper-gauger. The distiller will forward all copies of both forms received from the storekeeper-gauger to the collector with remittance for the tax due on the excess loss. The collector will execute his certificate of the payment of such tax on each copy of Form 573, retain one copy of each form, and return the remaining copies of each form to the distiller, who will deliver them to the storekeeper-gauger.*

§ 187.47 *Transfer of rum.* Upon receipt of the copies of Form 573 and Form 1520 from the distiller showing payment of the tax due on the excess loss, or upon completion of the gauge in cases where no excess loss is disclosed, the storekeeper-gauger will permit the rum to be transferred to the denaturing bonded warehouse: *Provided,* That where the proprietor forwards the forms with the necessary remittance for tax on the excess loss promptly to the collector, the storekeeper-gauger may permit the rum to be transferred to the denaturing bonded warehouse prior to the return of the receipted forms by the collector. Where there has been excess loss from packages the storekeeper-gauger will compare the receipted Forms 573 with the retained copy of Form 1520 to determine whether there has been proper tax-payment of the excess loss. If the rum is in packages the proprietor will, under the supervision of the storekeeper-gauger and before removal of the rum to the denaturing bonded warehouse, stencil upon the head of each package, in letters and figures large enough to be easily read, the words, "For Denaturation," followed by the date of removal to the denaturing bonded warehouse and the name and title of the storekeeper-gauger. It will not be necessary to cut or stencil on the package the gross weight, tare, net weight, wine gallons, proof, and proof gallons.*

§ 187.48 *Supervision of transfers.* The transfer of rum from the distillery or internal revenue bonded warehouse to the denaturing bonded warehouse will be made under the supervision of the storekeeper-gauger. Where rum is so transferred by pipe line, the storekeeper-gauger supervising the deposit of the rum in a storage or mixing tank in the denaturing bonded warehouse will see that the outlet and all other openings of such tank, except the inlet, are closed and locked and that the valves in the pipe line are so adjusted by the proprietor as to control the flow of spirits into the tank before the outlet of the distillery receiving cistern or the warehouse storage tank from which the rum is to be transferred is unlocked. When the rum has been deposited in the tank in the denaturing bonded warehouse the inlet of such tank and the outlets of the pipe line and the distillery receiving cistern or warehouse storage tank will be immediately closed by the proprietor and locked by the storekeeper-gauger. The valves on the pipe lines, and the openings of tanks containing rum or specially denatured rum, shall be kept closed and locked at all times, except when required to be open for the transfer of rum or specially denatured rum or for other necessary purposes. Whenever rum or specially denatured rum is to be transferred into or out of tanks the storekeeper-gauger will open and close the locks, but it shall be the duty of the proprietor to manipulate the stopcocks or valves controlling the flow of the spirits. The storekeeper-gauger will not permit the transfer of rum from the distillery cistern room or the internal revenue bonded warehouse to the denaturing bonded warehouse by pipe line unless the use of such pipe line has been approved in accordance with these regulations.*

§ 187.49 *Disposition of Forms 573 and 1520.* Upon the transfer of the rum, the storekeeper-gauger will execute his certificate of gauge and transfer on each copy of Form 573, retain one copy of Form 573, with Form 1520 attached, deliver one copy of each to the distiller and forward one copy of each to the district supervisor. The extra copy of Form 573 remaining in the hands of the storekeeper-gauger in cases where the regauge of packages discloses no excess loss will be destroyed.*

Article XV—Formula for Denaturation of Rum

§ 187.50 *Special Formula No. 4.* The following formula is prescribed for the denaturation of rum:

SPECIAL FORMULA NO. 4

To every 100 gallons of rum of not less than 150° proof add 1 gallon of the following solution: 5 gallons of an aqueous solution containing 40 per cent nicotine; 3.6 ounces of methylene blue; water to make 100 gallons.

The denaturing solution must conform to the following analytical requirements:

Determination of nicotine. It must contain not less than 1.88 per cent of nicotine when tested by the following process: 20 c. c. of the solution are measured into a 500 c. c. Kjeldahl flask provided with a suitable bulb tube, 10 c. c. of N/10 alkali added, the liquid made up to 50 c. c., and distilled in a current of steam until the distillate is no longer alkaline (about 500 c. c.). The distillate is then titrated with N/10 H_2SO_4, using rosolic acid or methyl red as an indicator. Not less than 25.2 c. c. should be required for the neutralization.

To determine the intensity of color. Of the denaturing solutions, 1 c. c. is diluted with 100 c. c. of water and 50 c. c. of this solution are compared in a 50 c. c. Nessler tube with 50 c. c. of a solution containing 5 grams of $CuSO_4$, $5H_2O$, C. P., in 100 c. c. of water.

Caution. It has been found that the above modified denaturing material when kept in closely stoppered containers loses its color, but when agitated in the presence of air the color returns. Therefore, officers should see that this material is thoroughly agitated in the presence of air, before being added to the rum to be denatured.

If the officer is in doubt, a standard color sample will be sent on request.*

Article XVI—Denaturing Materials

§ 187.51 *Storage of denaturants.* Authorized denaturants may be brought on the denaturing bonded warehouse premises in any desired quantity if ample storage facilities have been provided, but the same must be immediately placed in the denaturing material storeroom or the denaturing material tanks. Denaturants which are used in small quantities may be stored in the original packages, in the denaturing material storeroom. All other denaturants must be deposited in the appropriate tanks or other approved receptacles. Each tank or other receptacle in which denaturants are stored, either within or without the denaturing material storeroom, must have plainly marked thereon the kind of denaturant contained therein.*

§ 187.52 *Taking samples of denaturants.* Except as hereinafter provided, the storekeeper-gauger in charge will take a 1-pint sample from each package or tank or other approved receptacle of mingled denaturants received or prepared, and will forward the same to the chemist authorized by the Commissioner to analyze such denaturants. Where a lot comprising a number of packages of the mingled denaturants is received or prepared, samples of equal quantities should be taken from each package and mingled, and the 1-pint sample to be forwarded to the authorized chemist taken from such mixture. The sample

to be submitted to the authorized chemist shall be taken from the denaturing solution of 100 gallons specified in the prescribed formula.*

§ 187.53 *Container to be sealed.* After taking the sample the storekeeper-gauger will securely close and seal the tank or package from which it was obtained, and no part of the contents of such tank or package may be used until the sample has been officially tested and approved, and report on Form 1470 of such test is received by the storekeeper-gauger in charge of plant.*

§ 187.54 *Packaging samples of denaturants.* Samples of denaturants to be submitted by the storekeeper-gauger to the authorized chemist for analysis must be placed in heavy glass bottles or other suitable containers to be provided by the proprietor of the denaturing bonded warehouse, and such bottles or containers must be securely closed and a label (Form 1469) affixed thereto showing the name of the substance, serial number of the denaturing material tank or a description of the container from which the sample was taken, date it was taken, and the name of the officer forwarding it to the chemist. All samples of denaturants submitted for analysis must be sealed with wax by use of the seal furnished for such purpose or by a paper seal signed by the storekeeper-gauger. The authorized chemist shall not examine samples of denaturants brought to him unless they bear the seal of the Government officer.*

§ 187.55 *Shipment of samples to authorized chemist.* The samples of denaturants, after being securely packed and sealed, shall be sent to the most convenient authorized chemist for examination and report. District supervisors will furnish proprietors of denaturing bonded warehouses and storekeeper-gaugers with the names and addresses of authorized chemists. All expenses in connection with the forwarding and testing of samples must be borne by the proprietor. The storekeeper-gauger will prepare a list on Form 1470, in duplicate, of all samples submitted by him for analysis, and will forward both copies of the form to the authorized chemist.*

§ 187.56 *Chemist's report.* The chemist will enter his approval or disapproval of the samples, with the date and his signature, on both copies of Form 1470, return one copy to the storekeeper-gauger, and forward the other copy to the district supervisor. The chemist will also make a report of his analysis of the samples of denaturants on Form 1472, in duplicate, one copy of which shall be sent to the supervisor of the district in which the denaturing bonded warehouse is located, and the other to the Commissioner. Authorized chemists shall preserve all samples of rum denaturants for a period of 30 days, available for reference.*

§ 187.57 *Approval of denaturants.* If the sample is approved the contents of the tank or package from which the same was taken shall, upon receipt of the chemist's report, become an approved denaturant and the storekeeper-gauger shall at once remove the seals from such tank or package and permit the denaturant to be used.*

§ 187.58 *Treatment of disapproved denaturant.* Where a sample of denaturant does not conform to the prescribed specifications, the storekeeper-gauger shall, upon receipt of the chemist's report of disapproval, permit the proprietor, if he so desires, to treat or manipulate the proposed denaturant so as to render it suitable for use. Where the denaturant is so treated or manipulated, another sample must be submitted for approval. If the proprietor does not desire to further treat the denaturant, the storekeeper-gauger shall require him immediately to remove the denaturant from the premises.*

§ 187.59 *Supplying denaturant to other proprietors.* Proprietors of distillery denaturing bonded warehouses will be permitted to supply approved denaturant, i. e., denaturing solution which has been tested and approved by the authorized chemist, to proprietors of other distillery denaturing bonded warehouses, provided that such denaturant is furnished in containers properly marked and sealed, with a certificate attached by the storekeeper-gauger in charge at the denaturing bonded warehouse making shipment or delivery of the denaturant. Such denaturant need not be further analyzed at the receiving denaturing bonded warehouse.*

Article XVII—Denaturation of Rum

§ 187.60 *General.* Only rum of not less than 150 degrees of proof may be denatured and the denaturation thereof must be done at a distillery denaturing bonded warehouse and in strict conformity with the prescribed formula. No rum may be denatured except in the immediate presence of the storekeeper-gauger assigned to supervise the operation of the denaturing bonded warehouse.*

§ 187.61 *Notice, Form 576.* Whenever the proprietor of a denaturing bonded warehouse desires to manufacture denatured rum, he shall give notice to the storekeeper-gauger in charge on Form 576, in triplicate, furnishing all the information indicated by the headings of the columns and the lines of the form.*

§ 187.62 *Denaturation.* Upon receipt of Form 576, properly executed, the storekeeper-gauger will see that the exact quantity of rum and the proper quantity of approved denaturants are conveyed directly to the mixing tank and that the same are thoroughly agitated and mixed therein before being drawn off for shipment or storage.*

§ 187.63 *Measuring rum and denaturants.* All denaturants before being used must be carefully measured or weighed by the proprietor under the supervision of the storekeeper-gauger in previously tested receptacles or by scales provided by the proprietor; and all rum to be used, unless dumped from packages gauged within the preceding 30 days, must be carefully proofed and measured or weighed by the proprietor under the supervision of the storekeeper-gauger.*

§ 187.64 *Responsibility of proprietor.* The proprietor will be held strictly accountable for any errors in the quantities of denaturants added. It is important that his determinations shall be absolutely correct. He must know that the measuring or weighing devices used by him are accurate.*

§ 187.65 *Responsibility of storekeeper-gauger.* The storekeeper-gauger in charge must frequently apply, or cause to be applied, such tests to the measuring or weighing devices as will satisfy him that they are accurate. The accuracy of scales used for weighing packages will be determined by means of the test weights provided in accordance with § 187.15. Weighing tank scales shall be tested and their accuracy determined in accordance with the procedure prescribed in § 185.261 of Regulations 10 (26 CFR Part 185). If the storekeeper-gauger finds the measures or scales to be inaccurate he shall refuse to permit the proprietor to transfer any denaturant to the mixing tanks until accurate measures or scales have been provided.*

Article XVIII—Transfer of Denatured Rum to Storage or Shipping Containers

§ 187.66 *Kinds of containers.* Unless temporarily retained under Government lock in the mixing tank, denatured rum must, when the manufacture thereof is completed, be transferred to properly equipped denatured rum tanks and stored therein under Government lock, or drawn into packages or other portable containers for immediate shipment or storage in the specially denatured rum storeroom, or transferred to tank cars for immediate shipment.*

§ 187.67 *Application to gauge, Form 577.* When the proprietor desires to draw denatured rum into packages or other portable containers, or into tank cars for shipment, he shall file application on Form 577, in triplicate, with the storekeeper-gauger in charge for the gauging of such denatured rum. The denatured rum then will be drawn into packages or other portable containers, or run into a weighing tank, as the case may be, and gauged by the proprietor under supervision of the storekeeper-gauger. Upon completion of the gauge, the storekeeper-gauger will execute his report on Form 577, retain one copy of the form, deliver one copy to the proprietor, and forward one copy to the district supervisor.*

Article XIX—Marking Containers of Specially Denatured Rum

Marking Packages

§ 187.68 *Serial number.* All packages containing specially denatured rum filled at a distillery denaturing bonded warehouse shall be numbered serially beginning with number 1 for the first package filled: *Provided,* That the series in current use at existing denaturing bonded warehouses will be continued. Where there is a change in the individual or corporate name, or in the trade name or style, or in the proprietorship of the business, the series in use at the time of such change will be continued.*

§ 187.69 *Other required marks.* In addition to the serial number, there shall be placed upon the Government head of each package of specially denatured rum the name of the proprietor, registered number and location (city or town and State) of the denaturing bonded warehouse, the words, "Specially Denatured Rum," formula number, apparent proof, contents in wine gallons, and the date filled. Such marks and brands shall be plainly and durably stenciled upon the package in a color contrasting with that of the surface upon which placed, except that the registered number of the denaturing bonded warehouse and the serial number of the package shall be deeply and distinctly cut into the head of each wooden package in figures large enough to be easily read: *Provided,* That the requirement that the registered number of the denaturing bonded warehouse and the serial number of the package be cut into wooden packages shall not apply where metal packages of a capacity of 10 wine gallons or less are encased in wood. The words "Specially Denatured Rum" shall be placed upon the package in conspicuous letters of not less than 1 inch in height, each letter being of the same size and color: *Provided,* That in the case of packages containing less than 5 wine gallons the words "Specially Denatured Rum" may be in letters of less than 1 inch in height, but must be as prominently displayed as is consistent with the size of the package. The required marks shall be placed upon the packages by the proprietor, under the supervision of the storekeeper-gauger.*

§ 187.70 *Additional marks.* There may be shown upon the Government heads of packages of denatured rum, in letters no more conspicuous or larger than those used in placing the required marks thereon, the brand name and a statement indicating the character of the product, but such additional marks shall not be so placed upon the Government head of the package as to unduly detract from the required marks thereon.*

Marking Tank Cars

§ 187.71 *Manner of marking.* Each tank car used for shipping specially denatured rum must have legibly marked or painted thereon its number, capacity in wine gallons, and the name or symbol of the owner. Tank cars into which specially denatured rum is transferred for shipment must also be constructed and labeled in accordance with Article XXIII.*

Article XX—Furnishing Samples of Denatured Rum

§ 187.72 *To whom samples may be furnished.* The proprietor of a distillery denaturing bonded warehouse may furnish samples of specially denatured rum to (1) prospective applicants for permits to use specially denatured rum, who need not necessarily be then engaged in business, (2) applicants for permits to use specially denatured rum, and (3) holders of such permits, for experimental purposes and for use in preparing samples of products for submission to the Commissioner for analysis. Preparations made with samples of specially denatured rum may not be sold, unless Form 1479–A, giving the quantitative formula, and a sample of the preparation are submitted to and approved by the Commissioner, and permit on Form 1481 to use specially denatured rum in the manufacture of such preparation is procured from the district supervisor.*

§ 187.73 *Application, Form 1512.* Application for the withdrawal of samples of specially denatured rum shall be made to the district supervisor on Form 1512, and proprietors of denaturing bonded warehouses may furnish samples of specially denatured rum only pursuant to Form 1512, duly approved by the district supervisor, except that where the quantity involved in any case does not exceed eight (8) fluid ounces application to or approval by the district supervisor will not be required, but the commercial records of the vendor must show each such transaction.*

§ 187.74 *Quantity limitations.* District supervisors will not approve the withdrawal of samples of specially denatured rum in quantities in excess of 5 wine gallons, except that in extraordinary cases where the necessity for the withdrawal of larger quantities has been clearly demonstrated, district supervisors may authorize withdrawals in excess of 5 wine gallons, but not in excess of the quantity shown to be necessary.*

§ 187.75 *Labeling and sealing samples.* All samples of specially denatured rum furnished by the proprietor of a denaturing bonded warehouse shall be sealed, and labeled to show the name and address of the proprietor, the formula number and, where furnished pursuant to Form 1512, the serial number of such form.*

§ 187.76 *Record of samples.* All samples of specially denatured rum furnished by the proprietor pursuant to permits on Form 1512 shall be entered by the storekeeper-gauger on Form 575 in the same manner as other shipments of such denatured rum. The storekeeper-gauger will enter the serial number of the permit, Form 1512, in the appropriate column on Form 575, and, where Form 1512 bears the serial number of the applicant's basic permit in addition to its own serial number, the storekeeper-gauger will enter the serial numbers of both permits on Form 575. Where samples of eight (8) fluid ounces or less are furnished, entry thereof will be made on the proprietor's commercial records, as provided in section 187.73.*

Article XXI—Disposition of Specially Denatured Rum

§ 187.77 *To permittees.* Except as otherwise provided herein, the proprietor of a distillery denaturing bonded warehouse may sell or dispose of specially denatured rum only to the person to whom a permit has been issued, in accordance with the provisions of Regulations 3 (26 CFR Part 182) authorizing the procurement thereof. Specially denatured rum may not be shipped on permits authorizing the procurement of specially denatured alcohol.*

§ 187.78 *Permit authority for shipment.* The proprietor of a denaturing bonded warehouse may ship or deliver specially denatured rum—

(a) To the holder of a basic permit, authorizing the use of such rum for manufacturing purposes, pursuant to a withdrawal permit on Form 1477 issued by the district supervisor, as provided in Regulations 3;

(b) To the holder of a basic permit as a bonded dealer in such rum, pursuant to a withdrawal permit on Form 1477 issued by the district supervisor, as provided in Regulations 3;

(c) To the United States or any agency thereof, pursuant to permit on Form 1486 issued by the Commissioner, as provided in Regulations 3; or

(d) To the collector of customs, in the case of exportation, pursuant to permit on Form 1545, issued by the district supervisor, as provided in Article XXII.*

§ 187.79 *Withdrawal permit, Form 1477.* When permit on Form 1477, authorizing the procurement of specially denatured rum, is issued by the district supervisor, he will forward the same by mail to the proprietor of the denaturing bonded warehouse named therein. The proprietor will acknowledge receipt of Form 1477 by registered mail, with return receipt requested. The proprietor should retain copies of correspondence and the registry return receipt (Post Office Form 3811) in connection with each Form 1477 forwarded to him. No proprietor of a denaturing bonded warehouse will be permitted to ship specially denatured rum until the permit, Form 1477, has been acknowledged and the registry return receipt received by him. Proprietors must not furnish specially denatured rum in excess of the quantity set forth on Form 1477.*

§ 187.80 *Cancellation of withdrawal permit.* The person upon whose appli-

cation permit, Form 1477, has been issued may at any time file request for the cancellation of such permit and the issuance of a new permit naming a new vendor. The district supervisor shall, upon receipt of such request, notify the proprietor of the denaturing bonded warehouse holding the permit to be superseded that the same has been canceled and that no more shipments or deliveries may be made to the vendee under such permit. The proprietor shall immediately forward the canceled permit to the district supervisor.*

§ 187.81 *Release of specially denatured rum for shipment.* When the proprietor desires to ship specially denatured rum pursuant to withdrawal permit on Form 1477, he shall present such permit, the acknowledgment, and other correspondence to the storekeeper-gauger for examination. If the officer finds that the papers are in order, and that the permit authorizes the proposed shipment, he will permit shipment of the specially denatured rum.*

Article XXII—Exportation of Specially Denatured Rum

§ 187.82 *Application, Form 1545.* Where the proprietor of a denaturing bonded warehouse desires to export specially denatured rum, he shall file application on Form 1545, in triplicate, with the district supervisor for a permit to export the same. The application, properly modified to cover the exportation of specially denatured rum by the proprietor of a denaturing bonded warehouse, must be sworn to, and all of the information indicated by the form must be furnished.*

§ 187.83 *Consent of surety, Form 1533.* Before an application for a permit to export specially denatured rum may be approved, the proprietor must file with the district supervisor consent of surety, Form 1533, in triplicate, extending the terms of his denaturing warehouse bond, Form 572, to cover the exportation of such rum. The extension of the terms of the bond, if intended to cover the exportation of specially denatured rum from time to time, shall be in the following form:

> The obligors hereby agree to extend the terms of said bond to cover all liability that may be incurred for and on account of all specially denatured rum hereafter withdrawn by the principal for exportation, for which satisfactory evidence of exportation and landing at a foreign port, or of loss on land or at sea, without fault or negligence on the part of the principal or his agents, is not furnished as provided by law or regulations now or hereafter in force.

The consent of surety may, if desired, be limited to cover the exportation of a specific lot of specially denatured rum, instead of being furnished in a continuing form, as provided above.*

§ 187.84 *Permit to export.* If the application is properly prepared and the required consent of surety has been filed, and the bond, if given in less than the maximum penal sum, is sufficient to cover the tax on the specially denatured rum to be exported, plus the tax on the quantity of rum, either denatured or undenatured, on hand or unaccounted for, and if there is nothing to indicate that such rum will be used for any unlawful purpose, and proper certificates of clearance and landing have been filed for previous shipments, as hereinafter required, the district supervisor will approve the application, which thereupon becomes a permit. The district supervisor will then forward all copies of Form 1545 to the storekeeper-gauger in charge of the warehouse.*

§ 187.85 *Consignment to collector of customs.* Upon receipt of the approved application and permit, Form 1545, by the storekeeper-gauger, and the marking of the packages as hereinafter provided, the applicant may withdraw the specially denatured rum specified on the form and consign the same to the collector of customs at the port of export for exportation under his supervision. The applicant shall procure two copies of the bill of lading covering the shipment and submit them to the storekeeper-gauger, who will immediately forward one copy of Form 1545 with a copy of the bill of lading attached to the collector of customs and one copy of such form and bill of lading to the district supervisor, and will deliver the remaining copy of Form 1545 to the applicant. The storekeeper-gauger will, upon release of the specially denatured rum for shipment, make appropriate entry on Form 575 of the withdrawal thereof. The proprietor shall plainly and legibly stencil on the Government head of each package of specially denatured rum, before the same is released for exportation, the words "For Export," in addition to the marks required by Article XIX.*

§ 187.86 *Export entry; certificate of exportation, etc.* When the specially denatured rum arrives at the port of export, the exporter or his agent shall file immediately with the collector of customs an export entry and two copies of the export bill of lading; and when the vessel, railroad car, motor truck, or other conveyance on which the specially denatured rum is laden for exportation has cleared the port of export, the collector of customs shall execute the certificate of exportation on the copy of Form 1545 sent to him, and return the same with one copy of the bill of lading to the district supervisor.*

§ 187.87 *Evidence of foreign landing.* The proprietor shall, within 30 days after the date of shipment of such specially denatured rum where exportation is made to Canada or Mexico, and within 90 days after the date of shipment where exportation is made to any other foreign country or possession, secure and forward to the district supervisor a certificate showing that the shipment was duly landed at the foreign port. The landing certificate shall be executed by a customs officer of the foreign country or possession to which the specially denatured rum is exported, unless it is shown that such country or possession has no customs administration, in which event the certificate shall be signed by the consignee or by the vessel's agent at the place of landing and sworn to before a notary public or other officer authorized to administer oaths, and having an official seal. Failure by the proprietor to produce within the specified time satisfactory evidence of the landing of the shipment of specially denatured rum at a foreign port, or of loss of the same on land or at sea after shipment, as hereinafter provided, shall be sufficient grounds for refusal by the district supervisor to issue to the proprietor any further permits to export specially denatured rum, pending the filing of the required evidence of clearance and foreign landing, or of loss on land or at sea, of shipments previously made, or the assessments of tax or the enforcement of liability against the bond.*

§187.88 *Proof of loss after clearance.* When the proprietor is unable to furnish proof of landing at a foreign port in consequence of loss on land or at sea after shipment, he shall file with the district supervisor issuing the permit, Form 1545, a statement setting forth fully the cause and extent of the loss and all the pertinent facts and circumstances surrounding the same. Such statement must be accompanied by affidavits from two or more creditable and disinterested persons as to the loss. If the specially denatured rum was insured, the proprietor shall also file certificates by officers of the insurance company, or board of underwriters, that the insurance has been paid and that, to the best of their knowledge and belief, the specially denatured rum was destroyed on land or at sea after shipment. When obtainable, affidavits must be furnished by the master and mate of the vessel, conductor in charge of the railroad car, or operator of the motor truck or other conveyance, as the case may be, detailing the cause and extent of the loss and all pertinent facts and circumstances surrounding the same. Such proofs shall be furnished the district supervisor within the time provided herein for furnishing proof of foreign landing, or within such further time as the district supervisor or Commissioner may deem reasonable.*

§ 187.89 *Losses in transit to port of export.* Allowance for losses of specially denatured rum in transit from the denaturing bonded warehouse to the port of export will be made in accordance with provisions of Article XXIV.*

§ 187.90 *Shipment to American Territories and possessions.* The provisions of this article, and the forms prescribed herein, shall be applicable to the shipment of specially denatured rum to the Philippine Islands, Puerto Rico, Guam, American Samoa, the Virgin Islands, and

the Panama Canal Zone. The shipment of specially denatured rum to or from Hawaii and Alaska shall be in accordance with the provisions of these regulations governing shipments entirely within the continental limits of the United States.*

Article XXIII—Shipment and Delivery of Specially Denatured Rum

§ 187.91 *Tank trucks.* Deliveries of specially denatured rum by tank wagons or tank trucks are not permitted.*

§ 187.92 *Packages.* Deliveries of specially denatured rum may be made in packages of any desired size to persons authorized to receive the same. The packages must be marked in accordance with the provisions of Article XIX.*

§ 187.93 *Tank cars.* Deliveries of specially denatured rum may also be made in railroad tank cars to persons authorized to receive the same: *Provided,* That deliveries may be made in tank cars only where the premises of the consignor and consignee are equipped with suitable railroad siding facilities. Railroad tank cars must be marked as provided in Article XIX, and must be so constructed that all openings which would afford access to the contents may be closed and securely fastened and sealed. The tank car will be so closed and sealed by the proprietor under the supervision of the storekeeper-gauger immediately it has been filled. The tank car will be sealed with railroad or other appropriate seals furnished by the proprietor.*

§ 187.94 *Tank car label.* The proprietor of the denaturing bonded warehouse shall affix to each tank car of specially denatured rum a label showing the name of the proprietor, registered number and location (city or town and State) of the denaturing bonded warehouse, the name and location of the consignee, the quantity in wine gallons, the formula number, and the date withdrawn for shipment. The label will be in substantially the following form:

Shipped By
John Doe Rum Company
Denaturing Bonded Warehouse No. 1
New York, N. Y.
To
Richard Roe Tobacco Company
Baltimore, Md.
8,500 Gals. Specially Denatured Rum
Formula No. 4
Withdrawn May 17, 1938

The label shall be securely affixed to the route board of the car and shall be obliterated when the car is emptied.*

§ 187.95 *Deliveries by proprietor.* The proprietor of a denaturing bonded warehouse shall make deliveries of specially denatured rum from his premises only in vehicles operated or controlled by him, or by a railroad or steamship company, or express company operating on a railroad or steamship line, or by a trucking company holding permit to transport specially denatured or tax-free alcohol. Where the specially denatured rum is delivered in vehicles operated or controlled by the proprietor, delivery must be made within 24 hours and the proprietor shall be responsible on his bond for the delivery of the specially denatured rum to the premises of the consignee. Where shipments are made by railroad, steamship or express company, or by a trucking company holding permit to transport specially denatured or tax-free alcohol, as provided above, the proprietor shall be responsible on his bond for the delivery of the specially denatured rum to such carrier.*

§ 187.96 *Report of shipment, Form 597.* Whenever specially denatured rum is shipped from the premises of a distillery denaturing bonded warehouse, the proprietor shall, at the time shipment is made, prepare a report thereof on Form 597 and immediately deliver the same to the storekeeper-gauger in charge. The report will be furnished in duplicate, except that one copy only need be furnished where the consignor and consignee are located in the same district. The proprietor will date the form and furnish all the information indicated by the headings of the columns and lines in Part I. Where shipments are made in railroad tank cars, or consist of barrels or drums in carload lots, the name of the railroad, the number of the car, and the routing of the shipment shall be reported on Form 597. The consignor shall not change the routing without giving immediate notice of such action to the supervisor of his district.*

§ 187.97 *Disposition of Form 597.* The storekeeper-gauger will, upon receipt of Form 597, check the same with the withdrawal permit and, if found to agree, will enter the shipment on Form 575 and date and initial Part II of each copy of Form 597. Where the consignee is located in another district the storekeeper-gauger will, on the same day he receives Form 597, forward one copy thereof to the supervisor of such district and one copy to the supervisor of the district from which the shipment is made. The supervisor of the district in which the consignee is located will check the copy of Form 597 sent to him with the monthly report of the consignee, execute Part III of the form, and forward the same to the supervisor of the district in which the consignor is located. The supervisor of the latter district will check the copy of Form 597 received from the supervisor of the other district with the storekeeper-gauger's report on Form 575, and will date and initial Part II of Form 597. Where the consignor and consignee are located in the same district the storekeeper-gauger will, on the same day he receives Form 597, forward the same to the supervisor of the district. The district supervisor will check the shipment with the consignee's monthly report and the storekeeper-gauger's report on Form 575, and will date and initial Part II and execute Part III of Form 597.*

§ 187.98 *Investigation by district supervisor.* Where report of receipt of the specially denatured rum shipped is not received in due course, or where any material or unexplained difference exists between the quantity shipped and the quantity received, or where there is reasonable ground to suspect that the specially denatured rum has been or will be used for purposes other than those authorized by law and regulations, the district supervisor shall cause an investigation to be made.*

§ 187.99 *Memorandum of receipt, Form 1453–A.* Proprietors of denaturing bonded warehouses will, when shipping specially denatured rum to the United States or any governmental agency thereof, prepare one copy of Form 1453–A, properly modified, and forward it to the Government officer to whom the specially denatured rum is consigned. Upon receipt of the shipment, the Government officer will execute the certificate of receipt on the form and forward it to the district supervisor whose address appears at the bottom of the form.*

Article XXIV—Losses

Losses in Denaturation

§ 187.100 *Determined monthly.* Losses occurring by evaporation or other unavoidable causes in the process of denaturation at a distillery denaturing bonded warehouse must be determined and reported monthly. The extent of the losses for each month shall be established by comparison of the quantity in proof gallons of rum used for denaturation with the quantity in proof gallons of denatured rum produced.*

§ 187.101 *Losses allowable without claim.* Where the loss occurring in the process of denaturation during any calendar month does not exceed 1 per cent of the quantity of rum used for denaturation during the month, claim for allowance of such loss will not be required, provided there are no circumstances indicating that the rum, or any part thereof, was used for purposes other than denaturation, or was unlawfully removed from the denaturing bonded warehouse. The allowance of 1 per cent on account of losses in the process of denaturation will not be cumulative. Losses for each month must be determined separately.*

§ 187.102 *Losses requiring claim.* Where the loss occurring in the process of denaturation is in excess of 1 per cent, calculated in accordance with the provisions of § 187.101, claim under oath for allowance of the total losses during the month will be filed by the proprietor with the district supervisor, in accordance with the provisions of § 187.112.*

§ 187.103 *Illegal diversion or removal.* The distilled spirits tax must be paid on all rum diverted to illegal uses on the premises of the denaturing bonded warehouse or in the course of transfer thereto, and on all rum removed from the denaturing bonded warehouse contrary to law, whether or not the total losses, including the rum diverted or unlawfully removed, exceed 1 per cent of the aggregate quantity used for denaturation.*

Losses of Rum by Theft or Casualty

§ 187.104 *Tax may be remitted.* The tax on rum which is destroyed by accidental fire or other casualty in a denaturing bonded warehouse without any fraud, collusion, or negligence of the owner thereof, may be remitted under section 2901 (b), I.R.C., to the extent that the owner is not indemnified against such tax by a valid claim of insurance for a sum greater than the actual value of the spirits, less the tax; and the tax on rum which is lost by theft from a denaturing bonded warehouse without negligence, connivance, collusion, or fraud on the part of the owner or person legally accountable for such spirits, may be remitted under section 2901 (c), I.R.C., to the extent that the claimant is not indemnified against or recompensed for the tax on the spirits lost.*

§ 187.105 *Claim required.* Where rum is destroyed by accidental fire or other casualty in, or by theft from, a denaturing bonded warehouse, claim for allowance of the loss will be filed by the proprietor with the district supervisor in accordance with the provisions of § 187.112.*

Losses of Specially Denatured Rum at Denaturing Bonded Warehouse

§ 187.106 *Determined monthly.* The quantity of specially denatured rum lost at a denaturing bonded warehouse must be determined and reported monthly. The extent of the losses for each month shall be established by comparison of the quantity shown by actual inventory with the quantity carried in the storekeeper-gauger's report, Form 575, as remaining in storage at the end of the month. For the purpose of such comparison the gauge at the time of the filling of packages of specially denatured rum may be taken. The actual quantity in tanks must be ascertained.*

§ 187.107 *Losses allowable without claim.* Where the loss of specially denatured rum does not exceed 1 per cent of the aggregate quantity of specially denatured rum shipped from the denaturing bonded warehouse during any calendar month, claim for allowance of such loss will not be required, provided there are no circumstances indicating that the specially denatured rum, or any part thereof, was diverted to illegal use. The allowance of 1 per cent on account of losses of specially denatured rum at a denaturing bonded warehouse will not be cumulative. Losses for each month must be determined separately by inventory of specially denatured rum on hand at the end of the month.*

§ 187.108 *Losses requiring claim.* Where the loss of specially denatured rum exceeds 1 per cent of the quantity shipped from the denaturing bonded warehouse during the month, claim under oath for allowance of the total losses during the month will be filed by the proprietor with the district supervisor, in accordance with the provisions of section 187.112.*

§ 187.109 *Illegal diversion or removal.* The distilled spirits tax must be paid on all specially denatured rum diverted to illegal uses, and on all such rum removed from the denaturing bonded warehouse contrary to law, whether or not the total losses of specially denatured rum at the denaturing bonded warehouse, including specially denatured rum diverted or unlawfully removed, exceed 1 per cent of the aggregate quantity shipped from the denaturing bonded warehouse. No person shall sell denatured rum for use, or for sale for use, for beverage purposes; nor shall any person sell any denatured rum under circumstances from which it might reasonably appear that it is the intention of the purchaser to procure the same for sale or use for beverage purposes.*

Losses of Specially Denatured Rum in Transit for Export or in the Course of Delivery in Trucks Owned or Controlled by Proprietor

§ 187.110 *Losses allowable without claim.* Where the loss of specially denatured rum from any package or tank car in transit from the denaturing bonded warehouse for export, or in the course of delivery in trucks owned or controlled by the proprietor, does not exceed 1 per cent of the quantity contained therein at the time of shipment, claim for allowance of such loss while in transit will not be required, provided there are no circumstances indicating that the specially denatured rum, or any part thereof, was diverted to illegal use.*

§ 187.111 *Losses requiring claim.* Where the loss of specially denatured rum from any package or tank car in transit from the denaturing bonded warehouse for export or in the course of delivery in trucks owned or controlled by the proprietor exceeds 1 per cent of the quantity contained therein at the time of shipment, claim under oath for allowance of the total quantity lost shall be filed with the district supervisor by the proprietor of the denaturing bonded warehouse. The claim will be prepared and filed in accordance with the provisions of § 187.112. Claims covering losses in transit of specially denatured rum shipped to manufacturers and dealers by railroad or steamship companies, or by express companies operating on railroad or steamship lines, or by trucking companies holding permit to transport specially denatured or tax-free alcohol, will be filed by such manufacturers and dealers in accordance with Regulations 3 (26 CFR Part 182).*

Claim for Allowance of Losses

§ 187.112 *Form of claims.* No special forms have been provided for use by claimants in presenting claims for allowance of losses in the process of denaturation, or losses of rum by theft or casualty at a denaturing bonded warehouse, or losses of specially denatured rum at a denaturing bonded warehouse or in transit for export or in the course of delivery in trucks owned or controlled by the proprietor. Such claims may be made on letter or legal size paper, but must be in affidavit form, in duplicate, and the claimant must furnish the following information:

(a) The name of the proprietor and the registered number and location of the denaturing bonded warehouse;

(b) The serial numbers of the packages or other containers from which the rum or specially denatured rum was lost;

(c) The quantity of rum or specially denatured rum lost from each package or other container, and the total quantity of rum or specially denatured rum covered by the claim;

(d) In the case of losses of rum, the total amount of tax for which the claim is filed;

(e) The date of the loss, or, if such date is not known, the date on which the loss was discovered, and the cause and nature thereof, together with all of the facts surrounding the loss;

(f) In the case of losses in the process of denaturation, (1) the quantity in proof gallons of rum used for denaturation during the month; (2) the quantity in proof gallons of denatured rum produced during the month; (3) whether the loss occurred as the result of any negligence, connivance, collusion, or fraud on the part of the proprietor or any of his agents; and (4) whether the proprietor is indemnified or recompensed in any manner for the loss. If the proprietor is indemnified or recompensed for the loss, the amount and nature of such indemnity or recompense must be shown;

(g) In the case of losses of rum by theft, (1) whether the loss occurred as a result of negligence, connivance, collusion, or fraud on the part of the owner or person legally accountable for the rum; (2) whether the claimant is the owner or person legally accountable for the spirits; and (3) whether or not he is indemnified against or recompensed in any manner for the loss;

(h) In the case of losses of rum by accidental fire or other casualty, (1) whether the loss occurred without any fraud, collusion, or negligence of the owner thereof; (2) whether the claimant is the owner of the rum; and (3) whether or not the owner is indemnified against the tax by a valid claim of insurance for a sum greater than the actual value of the rum, less the tax;

(i) If, in the case of loss of rum by theft, the claimant is indemnified or recompensed for the loss, the amount and nature of such indemnity or recompense and the actual value of the rum, less the tax, must be stated explicitly and certified copies of all policies of insurance or other documents of indemnity must be furnished;

(j) If, in the case of loss of rum by accidental fire or other casualty, the rum is insured, the amount of the insurance and the actual value of the rum, less the

tax, must be stated explicitly, and certified copies of all policies of insurance covering the rum must be furnished;

(k) In the case of losses of specially denatured rum at a denaturing bonded warehouse, (1) the quantity shown by actual inventory to be on hand at the end of the month; (2) the quantity carried in the warehouse records as remaining on hand at the end of the month; (3) whether the loss occurred as the result of any negligence, connivance, collusion, or fraud on the part of the proprietor or any of his agents; and (4) whether the proprietor is indemnified or recompensed in any manner for the loss. If the proprietor is indemnified or recompensed for the loss, the amount and nature of such indemnity or recompense must be shown;

(l) In the case of losses of specially denatured rum in transit for export or in the course of delivery in trucks owned or controlled by the proprietor, (1) whether the loss occurred as a result of any negligence, collusion, or fraud on the part of the proprietor or any of his agents, and (2) whether he is indemnified or recompensed in any manner for the loss. If the proprietor is indemnified or recompensed for the loss, the amount and nature of such indemnity or recompense must be shown.*

§ 187.113 *Supporting statements.* Claims for losses must be supported by affidavits of persons having personal knowledge of the loss.*

§ 187.114 *Filing of claims.* The claims must be filed with the supervisor of the district in which the denaturing bonded warehouse is located. Claims for allowance of losses of specially denatured rum while in transit should be filed within 30 days from the date of shipment of such rum. Claims for allowance of losses occurring in the denaturing bonded warehouse should be filed within 10 days after the end of the month during which the losses occurred.*

§ 187.115 *Report of losses.* Losses of rum or specially denatured rum by theft, accidental fire, or other casualty must be reported to the district supervisor by the proprietor of the denaturing bonded warehouse immediately after the losses are discovered. Where losses of rum or specially denatured rum by theft, accidental fire, or other casualty are ascertained while an officer is on duty, the officer will immediately make a full report of the loss to the district supervisor. The officer's report should set out the nature, cause, and extent of the loss in sufficient detail to bring out all the material facts and circumstances surrounding the loss. The condition of each package or other container from which loss has been sustained and the quantity lost therefrom should be reported by the officer.*

§ 187.116 *Investigation.* Where large losses from theft, casualty, or other cause are reported, the district supervisor will immediately make such investigation and require such evidence to be submitted as he may deem necessary, and will advise the Commissioner of his findings and recommendation relative to the allowance or disallowance of the loss.*

§ 187.117 *Examination of claim.* When a claim for allowance of loss is received by the district supervisor, he will carefully examine same to see that all required information has been furnished and will cause such investigation to be made or require such additional evidence to be submitted as he may deem necessary. Upon completion of the investigation, if any, the district supervisor will forward one complete copy of the claim and accompanying papers, together with any pertinent reports and documentary evidence, to the Commissioner with his recommendation in respect to allowance or disallowance of the claim.*

§ 187.118 *Records.* The storekeeper-gauger will enter all losses occurring at the denaturing bonded warehouse in his monthly record and report, Form 575. Where the loss is such as to require the filing of a claim, the storekeeper-gauger will attach to Form 575 a statement showing the nature, cause, and extent of the loss, or, if such information was previously furnished in the report submitted in accordance with § 187.115, a reference to such report will be noted on Form 575.*

§ 187.119 *Failure to file claim.* Where loss has been sustained in such a quantity as to require the filing of a claim, and claim for allowance of the loss is not made as hereinbefore provided, the district supervisor will report the tax to the Commissioner for assessment, in accordance with prescribed assessment procedure.*

Article XXV—Proprietor's Record and Report of Denaturants

§ 187.120 *Record No. 129.* The proprietor of every distillery denaturing bonded warehouse shall keep a monthly record on Record No. 129 of all denaturants received and used at such bonded warehouse or removed therefrom, of all samples of denaturants forwarded to the authorized chemist for analysis, and of the chemist's reports of all analyses. Daily entries shall be made on Record No. 129 as indicated by the headings of the columns and lines of the form not later than the close of business of the day on which the transactions occur. A monthly summary of the denaturants received and used or removed shall be made on such record at the end of the month. Record No. 129 shall be bound by the proprietor as a permanent record and kept available for inspection by Government officers.*

§ 187.121 *Monthly report.* The proprietor shall render a monthly report, duly executed under oath, on Record No. 129, in duplicate, to the district supervisor on or before the 5th day of the succeeding month. The district supervisor will, after audit and not later than the last day of the month succeeding that for which the report is rendered, forward one copy of the report to the Commissioner and will retain the remaining copy.*

Article XXVI—Storekeeper-Gauger's Record and Report

§ 187.122 *Form 575.* The storekeeper-gauger in charge of the distillery denaturing bonded warehouse shall keep a monthly record on Form 575 of all rum received and used for denaturation, all denaturants used, and all specially denatured rum produced and withdrawn for shipment. Daily entries shall be made on Form 575 as indicated by the headings of columns and lines of the form. A monthly summary of rum received and used, denaturants received and used, and denatured rum produced and disposed of, will be made on such form at the end of the month. Form 575 will be kept by the storekeeper-gauger in bound form as a permanent record, available for inspection by Government officers.*

§ 187.123 *Monthly report.* The storekeeper-gauger shall render a monthly report on Form 575, in duplicate, to the district supervisor on or before the 5th day of the succeeding month. The district supervisor will, after audit and not later than the last day of the month succeeding that for which the report is rendered, forward one copy of the report to the Commissioner and will retain the remaining copy.*

Article XXVII—District Supervisor's Monthly Statement

§ 187.124 *Form 1489.* Each district supervisor will render a separate monthly statement on Form 1489, properly modified, of all specially denatured rum produced at, removed from, and on hand at distillery denaturing bonded warehouses; received and removed by, and in the hands of, dealers; and received and used by, and in the hands of, manufacturers, for each State within his district. The required data will be obtained from the monthly denaturing bonded warehouse reports submitted by storekeeper-gaugers on Form 575 and from the monthly reports submitted by dealers and manufacturers on Form 1478 and Form 1482 (see Regulations 3, 26 CFR Part 182), after such reports have been audited. Form 1489 will be prepared in duplicate and one copy, with the supporting copies of Forms 575, 1478, and 1482, will be forwarded to the Commissioner not later than the last day of the month succeeding that for which rendered. The remaining copy will be retained by the district supervisor.*

Article XXVIII—Return of Specially Denatured Rum

§ 187.125 *Entry on Form 575.* Where specially denatured rum is for any reason returned to the denaturing bonded warehouse by a bonded dealer or manufacturer or by the carrier, as provided in Regulations 3 (26 CFR Part 182), the storekeeper-gauger will make

a memorandum entry of the same in red ink on Part 1 of Form 575, but will not include the quantity thereof in the totals of the rum receipts recorded on such part. The total quantity of specially denatured rum returned during the month will, however, be entered on line 5 of the summary of Part 6, and when such denatured rum is again shipped entry thereof will be made in the same manner as other shipments.*

Article XXIX—Operation Under a New Individual or Corporate Name, or Under Different Trade Names or Styles

§ 187.126 *Qualification required.* Whenever the proprietor of a denaturing bonded warehouse desires to change the individual or corporate name, or to operate under a trade name or style not previously approved, he must comply with § 187.33 and secure approval of such change in the manner prescribed in §§ 187.34 and 187.35, prior to the commencement of operations. Thereafter, whenever he desires to again operate under such approved trade name or style he must comply with § 187.33 and secure approval of the change in the manner prescribed in § 187.34, prior to commencement of operations thereunder.*

§ 187.127 *Records.* Separate records on Record No. 129 will not be required for operations under a new individual or corporate name, or under each trade name or style, but the proprietor must note on each record the individual or corporate name or the trade names or styles under which operations were conducted during the month, and the dates of operation under each. The storekeeper-gauger will make similar notations on Form 575 whenever changes in the individual or corporate name or in trade names or styles occur.*

Article XXX—Change of Proprietorship

§ 187.128 *Completion of operations required.* When a succession or actual change in the proprietorship of a distillery denaturing bonded warehouse takes place other than a change brought about by operation of law, as by the appointment of an administrator, executor, assignee, receiver, trustee, or other fiduciary, the business of denaturing rum must be completely finished by the person or persons who have been carrying on the business, and all specially denatured rum removed from the premises before the business shall be undertaken or begun by the succeeding proprietor, unless by agreement between the outgoing proprietor and the successor it shall be arranged to transfer from the former to the latter at the time the transfer of proprietorship becomes effective, all rum and specially denatured rum then on hand: *Provided,* That in each case the application and other qualifying documents of the successor, prescribed by these regulations, have been approved by the Commissioner, to take effect on the day next succeeding that at the close of which the transfer is made. Where a change of proprietorship has been brought about by operation of law the administrator, executor, receiver, trustee, or other fiduciary may not commence or continue operations until the required qualifying documents have been filed and approved.*

§ 187.129 *Records and reports.* Where there is a change in the proprietorship otherwise than by operation of law, the outgoing proprietor shall enter on his Record No. 129 all denaturants transferred to his successor, who shall in turn enter such items on his Record No. 129 as received from his predecessor. The storekeeper-gauger will likewise enter on Form 575 for the outgoing proprietor all rum and specially denatured rum transferred to the successor, and will take up on the Form 575 for the successor all such rum and specially denatured rum received from his predecessor. Where an administrator, executor, assignee, receiver, trustee, or other fiduciary succeeds to the business and qualifies to operate the same, he shall make proper notation on Record No. 129 of his succession, and the storekeeper-gauger will likewise make note of such succession on Form 575.*

Article XXXI—Safeguarding of Government Property

§ 187.130 *Storage in Government cabinet.* The keys to Government locks, and the seals and other Government property at a denaturing bonded warehouse, when not in use, will be kept in the Government cabinet under Government seal lock. The storekeeper-gauger must not leave the cabinet open except in his immediate presence, nor give the key thereof to anyone except another Government officer authorized to receive it. Where it is necessary to open the cabinet at various times during the day the lock will not be seal-closed until the close of business.*

Article XXXII—Concerning Locks and Seals

§ 187.131 *General.* The provisions of Article XLV of Regulations 10 (26 CFR Part 185), relative to locks and seals at internal revenue bonded warehouses, are hereby extended, so far as applicable, to denaturing bonded warehouses.*

§ 187.132 *Where locks are required.* District supervisors will bear in mind that Government locks are required on the doors of the denaturing bonded warehouse and the denaturing material storeroom therein; on the door of the Government cabinet; on all manheads, inlets, outlets, and other openings of rum storage tanks, weighing tanks, denaturing material storage tanks, and denatured rum tanks; on the valves in pipe lines used for the conveyance of rum and denatured rum; and on such other parts of the premises or equipment as are required by these regulations or deemed necessary by the district supervisor.*

§ 187.133 *Seal locks.* Seal locks will be used on the entrance doors of the denaturing bonded warehouse and the denaturing material storeroom; on denaturing material tanks, if not located in the denaturing material storeroom; on the door of the Government cabinet; and on such other places where the use of seal locks is required by these regulations or deemed necessary by the district supervisor.*

[SEAL] GUY T. HELVERING,
Commissioner of Internal Revenue.

Approved, May 20, 1940.

JOHN L. SULLIVAN,
Acting Secretary of the Treasury.

[F. R. Doc. 40-2084; Filed, May 22, 1940; 3:45 p. m.]

Notices

DEPARTMENT OF THE INTERIOR.

Bureau of Reclamation.

[No. 1]

BUFFALO RAPIDS IRRIGATION PROJECT

NOTICE OF ANNUAL WATER CHARGES [1]

MAY 3, 1940.

1. Irrigation water when available, will be furnished upon a rental basis under approved applications for temporary water service during the irrigation season of 1940 and thereafter until further notice.

2. The water-rental charge for the irrigation season of 1940 and thereafter until further notice will be One Dollar ($1.00) per acre-foot for all water delivered in accordance with the application at the applicant's farm, payable in advance of delivery; provided that there shall be a minimum payment at the time of making rental application of not less than Twenty Dollars ($20) and that subsequent payments will each be not less than Ten Dollars ($10). Credit for water paid for but not delivered during any irrigation season will be allowed in the next irrigation season, or at the request of the applicant a cash refund equal to such credit will be made after the close of the irrigation season.

3. All water-rental payments shall be made to the Bureau of Reclamation, Glendive, Montana.

W. C. MENDENHALL,
Acting Under Secretary of the Interior.

[F. R. Doc. 40-2120; Filed, May 25, 1940; 9:33 a. m.]

[1] Act of June 17, 1902, 32 Stat., 388, as amended and supplemented.

General Land Office.

WITHDRAWAL OF NATIONAL FOREST AND PUBLIC LANDS FOR THE CALIFORNIA DEBRIS COMMISSION

APRIL 25, 1940.

Pursuant to the authority vested in me by the act of June 26, 1936 (49 Stat. 1976), and by section 21 of the act of March 1, 1893 (27 Stat. 507, 510), and subject to existing valid rights, existing withdrawals and reservations, and to the conditions contained in that certain letter, file reference E. D. 7402 (Yuba River, California)–37, of October 6, 1939, from the Acting Secretary of Agriculture to the Secretary of War, the following described lands partly within the Eldorado and Tahoe National Forests, California, are hereby withdrawn from sale and entry under the laws of the United States and reserved for the California Debris Commission:

CALIFORNIA

MOUNT DIABLO MERIDIAN

T. 13 N., R. 10 E.
Sec. 1, lots 8, 9, 10, 14, S½NW¼
Sec. 11, lot 1, N½SE¼NE¼, SW¼NE¼, W½SE¼
Sec. 14, lot 2, S½NW¼, SW¼, W½NE¼
Sec. 15, lots 4, 5, S½NE¼, SE¼SE¼, N½SE¼
Sec. 21, lots 5, 6
Sec. 22, lots 3, 4, 5, 6, 9, 10, W½SW¼
Sec. 28, NE¼
T. 13 N., R. 11 E.
Sec. 6, lots 5, 6, NE¼SW¼, NW¼SE¼.

OSCAR L. CHAPMAN,
Assistant Secretary of the Interior.

I concur:

GROVER B. HILL,
Acting Secretary of Agriculture.

[F. R. Doc. 40–2127; Filed, May 27, 1940; 9:20 a. m.]

DEPARTMENT OF LABOR.

Wage and Hour Division.

[Administrative Order No. 54]

DISSOLVING INDUSTRY COMMITTEE NO. 2 FOR THE APPAREL INDUSTRY

Whereas, the Administrator by Administrative Order No. 7, dated December 19, 1938, and Administrative Order No. 12, dated January 10, 1939, appointed Industry Committee No. 2 for the Apparel Industry, which Committee has duly investigated conditions in said industry and recommended minimum wage rates therefor which have been in part approved and carried into effect by the Administrator in wage orders dated May 15, 1940[1] (Title 29, Chapter V, Code of Federal Regulations, Parts 558–583, inclusive), and the functions of the said Committee having been completed;

Now, therefore, it is ordered, That Industry committee No. 2 for the Apparel Industry be, and hereby is, dissolved.

[1] 5 F.R. 1791.

Signed at Washington, D. C., this 23d day of May, 1940.

PHILIP B. FLEMING,
Administrator.

[F. R. Doc. 40–2121; Filed, May 25, 1940; 10:40 a. m.]

NOTICE OF ISSUANCE OF SPECIAL CERTIFICATES FOR THE EMPLOYMENT OF LEARNERS

Notice is hereby given that Special Certificates authorizing the employment of learners at hourly wages lower than the minimum wage rate applicable under section 6 of the Fair Labor Standards Act of 1938 are issued under section 14 of the said Act and § 522.5 of Regulations Part 522, as amended, to the employers listed below effective May 28, 1940. These Certificates may be canceled in the manner provided for in the Regulations and as indicated in the Certificate. Any person aggrieved by the issuance of any of these Certificates may seek a review of the action taken in accordance with the provisions of §§ 522.13 or 522.5 (b), whichever is applicable of the aforementioned Regulations.

The employment of learners under these Certificates is limited to the occupations, learning periods, and minimum wage rates specified in the Determination or Order for the Industry designated below opposite the employer's name and published in the FEDERAL REGISTER as here stated:

Regulations, Part 522, May 23, 1939 (4 F.R. 2088), and as amended October 12, 1939 (4 F.R. 4226).

Hosiery Order, August 24, 1939 (4 F.R. 3711).

Apparel Order, October 12, 1939 (4 F.R. 4225).

Knitted Wear Order, October 24, 1939 (4 F.R. 4351).

Textile Order, November 8, 1939 (4 F.R. 4531); as amended, April 27, 1940 (5 F.R. 1586).

Glove Order, February 20, 1940 (5 F.R. 714).

NAME AND ADDRESS OF FIRM, INDUSTRY, PRODUCT, NUMBER OF LEARNERS, AND EXPIRATION DATE

Cumberland Manufacturing Co., Inc., Crossville, Tennessee; Hosiery; Full Fashioned; 69 learners; September 18, 1940.

Homestead Manufacturing Co., Inc., Jasper, Alabama; Hosiery; Full Fashioned; 49 learners; September 18, 1940.

Penderlea Manufacturing Co., Inc., Willard, North Carolina; Hosiery; Full Fashioned; 58 learners; September 18, 1940.

Red House Manufacturing Co., Inc., Eleanor, West Virginia; Hosiery; Full Fashioned; 42 learners; September 18, 1940.

Robbins Knitting Company, Spruce Pine, North Carolina; Hosiery; Seamless; 5 learners; September 18, 1940.

Skyline Manufacturing Company, Inc., Scottsboro, Alabama; Hosiery; Full Fashioned; 20 learners; September 18, 1940.

Boy Craft, Inc., Mahanoy City, Pennsylvania; Apparel; Shirts; 5 learners; October 24, 1940.

Elaine Dress Company, 1123 Washington Avenue, Saint Louis, Missouri; Apparel; Dresses; 5 learners; October 24, 1940.

North Carolina Fabrics Corporation, (Yadkin) Highway #29, Salisbury, North Carolina; Textile; Dyeing & Finishing Rayon Fabrics; 3 percent; October 24, 1940.

North Carolina Finishing Company, (Yadkin) Highway #29, Salisbury, North Carolina; Textile, Dyeing & Finishing Cotton Fabrics; 3 percent; October 24, 1940.

Signed at Washington, D. C., this 27th day of May 1940.

MERLE D. VINCENT,
Authorized Representative of the Administrator.

[F. R. Doc. 40–2129; Filed, May 27, 1940; 11:52 a. m.]

FEDERAL POWER COMMISSION.

[Docket No. IT–5640]

IN THE MATTER OF ALABAMA POWER COMPANY

NOTICE OF APPLICATION

MAY 25, 1940.

Notice is hereby given that on May 24, 1940, an application was filed with the Federal Power Commission, pursuant to Section 203 of the Federal Power Act, by the Alabama Power Company, a corporation organized and existing under the laws of the State of Alabama and doing business in said State, with its principal business office at Birmingham, Alabama, seeking an order authorizing the sale and transfer of certain of its electric facilities devoted to and used for the production, transmission and distribution of electric energy located in Jackson, Madison, Limestone, Lauderdale, Colbert, Lawrence, Morgan, Marshall, DeKalb, Cherokee and Cullman Counties, the northern half of Franklin County, including Red Bay, but excluding the territory served by the Haleyville Primary Substation of the Applicant, and that portion of Winston County lying east of the Sipsey Fork of the Warrior River, except certain properties excluded by the terms and provisions of the Acquisition Contract, to the Tennessee Valley Authority, a corporation created by and existing under and by virtue of the Tennessee Valley Authority Act of 1933 as amended, North Alabama Electric Cooperative, a corporation organized and existing under and by virtue of the laws of the State of Alabama, Sand Mountain

Electric Cooperative, a corporation organized and existing under and by virtue of the laws of the State of Alabama, Cherokee County Electric Membership Corporation, a corporation organized and existing under and by virtue of the laws of the State of Alabama, City of Albertville, a municipal corporation of the State of Alabama, City of Huntsville, a municipal corporation of the State of Alabama, Cullman County Electric Membership Corporation, a corporation organized and existing under and by virtue of the laws of the State of Alabama, Joe Wheeler Electric Membership Corporation, a corporation organized and existing under and by virtue of the laws of the State of Alabama, City of Sheffield, a municipal corporation of the State of Alabama, and the City of Decatur, a municipal corporation of the State of Alabama, for the sum of approximately $4,600,000.00, subject to adjustment as provided for in the Acquisition Contract; all as more fully appears in the application on file with the Commission.

Any person desiring to be heard or to make any protest with reference to said application should, on or before the 10th day of June 1940, file with the Federal Power Commission a petition or protest in accordance with the Commission's Rules of Practice and Regulations.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 40–2130; Filed, May 27, 1940; 12:03 p. m.]

SECURITIES AND EXCHANGE COMMISSION.

[File No. 70–45]

IN THE MATTER OF LACLEDE POWER & LIGHT COMPANY

ORDER GRANTING APPLICATION

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 22nd day of May, A. D. 1940.

Laclede Power & Light Company, a subsidiary of Ogden Corporation, a registered holding company, having filed an application and amendments thereto under section 6 (b) of the Public Utility Holding Company Act of 1935 for exemption from the provisions of section 6 (a) of said Act with respect to the issuance of 42 promissory notes, aggregating $372,750 principal amount, representing the balance of the purchase price for a turbine generator and accessories purchased from General Electric Company and a surface condenser and accessories purchased from Westinghouse Electric and Manufacturing Company; and

A public hearing[1] with respect to this matter having been duly had after appropriate notice; the Commission having considered the record, and having made and filed its findings and opinion herein;

It is ordered, That the before-mentioned application, as amended, be and it hereby is granted subject, however, to the following conditions:

1. That the transactions set forth in the application and amendments thereto be carried out in accordance with and for the purposes represented thereby.

2. That the transactions set forth in the application and amendments thereto be consummated within thirty days after the date of this order.

3. That in the event of the order of the Public Service Commission of the State of Missouri, authorizing the issuance of the promissory notes set forth in the application and amendments thereto shall be revoked, rescinded or otherwise terminated, the exemption granted herein shall terminate immediately without further notice or order of this Commission.

4. That within 10 days after the issuance of the promissory notes, Laclede Power & Light Company shall file with this Commission a certificate of notification showing that the transactions have been effected in accordance with the terms of and for the purposes represented by said application and amendments thereto.

5. That no dividends shall be paid out of earned surplus except upon application made to and approval granted by this Commission for such payment. This provision or condition shall be subject to revocation or modification by this Commission at any time upon its own motion or upon application of Laclede Power & Light Company.

6. That when all expenses, incurred in connection with the issuance of the promissory notes and the preparation and prosecution of the application and amendments thereto concerned with the present transactions shall be actually paid, Laclede Power & Light Company shall file a detailed statement of such expenses showing the names of the persons or entities to whom such payments were made, the amounts of such payments, the accounts charged and a detailed description of the services rendered for which such payments were made.

It is further ordered, That jurisdiction over the issue with respect to the reasonableness of the fees to be paid the attorneys for Laclede Power & Light Company retained in connection with the issuance of the promissory notes set forth in the application and amendments thereto be, and it hereby is, reserved.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 40–2122; Filed, May 25, 1940; 11:27 a. m.]

[1] 5 F.R. 1606.

[File No. 47–53]

IN THE MATTER OF HOUSTON NATURAL GAS CORPORATION, HOUSTON NATURAL GAS COMPANY, TEXAS NATURAL GAS UTILITIES, GULF CITIES NATURAL GAS COMPANY AND TEX-MEX NATURAL GAS COMPANY

ORDER GRANTING APPLICATION

At a regular session of the Securities and Exchange Commision, held at its office in the City of Washington, D. C., on the 23rd day of May, A. D. 1940.

Houston Natural Gas Corporation, a registered holding company, having filed an application and amendments thereto pursuant to section 5 (d) of the Public Utility Holding Company Act of 1935 for an order declaring that it has ceased to be a holding company and that upon the taking effect of such order its registration shall cease to be in effect;

And the said application and amendments thereto, in which Houston Natural Gas Company, Texas Natural Gas Utilities, Gulf Cities Natural Gas Company, and Tex-Mex Natural Gas Company, four subsidiary companies, have joined, having included requests for approval pursuant to sections 10 (a) (2) and 10 (a) (3) of said Act of the acquisition by Houston Natural Gas Corporation of the utility assets of the four subsidiary companies and pursuant to Rule U-12D–1, promulgated under said Act, of the sale by it of the utility securities of said subsidiary companies; and

A public hearing[1] with respect to these matters having been duly had after appropriate notice; the Commission having considered the record, and having made and filed its findings and opinion herein:

It is ordered, That the before-mentioned application, as amended, be and it hereby is granted subject, however, to the following conditions:

(1) That the entire program as outlined in the application and amendments thereto be completed.

(2) That within ten days after the consummation of the sale and acquisition contemplated by the application and amendments thereto, the applicant file with this Commission a certificate of notification stating that such sale and acquisition have been effected as set forth in and for the purposes represented by said application and amendments thereto.

It is further ordered, That until the filing of a certificate averring that all the steps of the program as outlined in said application and amendments thereto have been completed, jurisdiction over said application and amendments thereto, insofar as it seeks the issuance of an

[1] 5 F.R. 663.

order pursuant to Section 5 (d), be, and it hereby is, reserved.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 40-2125; Filed, May 25, 1940; 11:27 a. m.]

[File 60-13]

IN THE MATTER OF SHINN & CO. ET AL.

ORDER

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 23rd day of May, A. D. 1940.

The Commission having ordered that a hearing be held pursuant to section 2 (a) (8) (B) of the Public Utility Holding Company Act of 1935 to determine whether an order of the Commission should issue declaring Shinn & Co. to be a subsidiary company of Associated Gas and Electric Company, a registered holding company, and Associated Gas and Electric Corporation, a registered holding company, and each of them as provided in said section of said Act, and the Commission having by said order further directed that said hearing determine the extent of the ownership by Shinn & Co. of the control securities in:

The Railway and Bus Associates.
Triple Cities Coach Company, Inc.
Triple Cities Traction Corporation.
Richmond Railways, Inc.
Staten Island Coach Co. Inc.
Gas and Electric Associates.
The General Finance Corporation.
Metropolitan Investing Company.
New Hampshire Electric Railways.
Oley Valley Railway Company.
Rochester Transit Corporation.
Reading Transit Company.

The hearing[1] pursuant to the Commission's order was held after appropriate notice. The Commission, having considered the record in this matter, including a stipulation that this order may issue, and having made and filed its findings herein;

It is ordered, That Shinn & Co., is hereby declared to be a subsidiary company, as defined in section 2 (a) (8) (B) of the Public Utility Holding Company Act of 1935 of Associated Gas and Electric Company and Associated Gas and Electric Corporation, and each of them, and as such subject to the obligations, duties, and liabilities imposed upon subsidiary companies of holding companies by said Act. A copy of this order shall be mailed to Shinn & Co. as provided in section 2 (b) of the Act not later than May 23, 1940:

It is further ordered on the basis of the findings of fact filed herein to the effect that Shinn & Co. owns in excess of 10 per centum of the outstanding control securities of:

The Railway and Bus Associates.
Triple Cities Coach Company, Inc.
Triple Cities Traction Corporation.
Richmond Railways, Inc.
Staten Island Coach Co. Inc.
Gas and Electric Associates.
The General Finance Corporation.
Metropolitan Investing Company.
New Hampshire Electric Railways.
Oley Valley Railway Company.
Rochester Transit Corporation.
Reading Transit Company.

and pursuant to section 2 (a) (8) (A) of the Act, that said companies, and each of them, are subsidiaries of Shinn & Co., Associated Gas and Electric Company, and Associated Gas and Electric Corporation, and each of them, and as such are subject to the obligations, duties, and liabilities imposed upon subsidiary companies of holding companies by said Act.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 40-2124; Filed, May 25, 1940; 11:27 a. m.]

[File No. 70-60]

IN THE MATTER OF CONSOLIDATED ELECTRIC AND GAS COMPANY

AN ORDER PERMITTING THE DECLARATION TO BECOME EFFECTIVE

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 23rd day of May, A. D. 1940.

Consolidated Electric and Gas Company, a registered holding company, having filed on May 14, 1940 a declaration pursuant to Rule U-12B-1, promulgated under the Public Utility Holding Company Act of 1935, by which declaration Consolidated Electric and Gas Company proposes to guaranty the payment by Roanoke Gas Company, its subsidiary, of the purchase price of certain gas benches in accordance with the construction contract entered into by and between West Gas Improvement Company of America, Inc. and said Roanoke Gas Company, which payments, aggregating $118,815 in principal amount and bearing interest on the unpaid balance at the rate of 4% per annum to November 30, 1940, and at the rate of 4¾% per annum thereafter, are to be made in equal monthly installments over a period of four years; and

Consolidated Electric and Gas Company having requested that the Commission permit such declaration to become effective on the 16th day of May, 1940 and the Commission deeming it appropriate in the public interest and in the interest of investors and consumers to accelerate the effective date of said declaration; and

The Commission having given notice, that pursuant to the purposes of Rule U-12B-1, said declaration would become effective on the 29th day of May, 1940, unless prior to that date the Commission should issue an order for hearing on such declaration or unless the Commission should grant the request of the declarant in permitting an acceleration of the order; and

Consolidated Electric and Gas Company having filed amendments to the declaration aforesaid on the 18th day of May, 1940 and on the 23rd day of May, 1940, and the effect of the filing of the said amendments would be to postpone the effective date of said declaration until the 11th day of June, 1940 unless the Commission should grant the request of the declarant in permitting an acceleration of the order;

Consolidated Electric and Gas Company having, in the said amendment filed on the 23rd day of May, 1940, agreed that with respect to certain demand notes of Roanoke Gas Company in the principal amount of $379,115 presently owned by Consolidated Electric and Gas Company, that it will, within a reasonable time after the effective date, use its best efforts to effect the conversion of all the said notes into shares of common capital stock of Roanoke Gas Company and the surrender to the Roanoke Gas Company for cancellation as a contribution to capital of such notes as are not so converted; and

Consolidated Electric and Gas Company having agreed in the amendment aforesaid that it will not, during the period that there remains unpaid by Roanoke Gas Company any part of the purchase price under the construction contract with West Gas Improvement Company of America, Inc., suffer or permit Roanoke Gas Company to declare or pay any dividends on the outstanding common capital stock of Roanoke Gas Company except with the approval of this Commission;

The Commission not having received any requests that a hearing be held with respect to said declaration and not having entered an order for hearing thereon and deeming it appropriate in the public interest and in the interest of investors and consumers to grant said request of declarant for such acceleration;

It is ordered, That the declaration filed by Consolidated Electric and Gas Company pursuant to Rule U-12B-1 be permitted to become effective forthwith.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 40-2123; Filed, May 25, 1940; 11:27 a. m.]

[File No. 70-61]

IN THE MATTERS OF COLUMBIA GAS & ELECTRIC CORPORATION, THE MANUFACTURERS LIGHT AND HEAT COMPANY, MANUFACTURERS GAS COMPANY, PENNSYLVANIA FUEL SUPPLY COMPANY

NOTICE OF AND ORDER FOR HEARING

At a regular session of the Securities and Exchange Commission held at its

[1] 5 F.R. 1567.

office in the City of Washington, D. C., on the 24th day of May, A. D. 1940.

Applications pursuant to the Public Utility Holding Company Act of 1935, having been duly filed with this Commission by the above-named parties;

It is ordered, That a hearing on such matter under the applicable provisions of said Act and the rules of the Commission thereunder be held on June 5, 1940, at 10:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue NW., Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered, That Robert P. Reeder or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice.

Notice of such hearing is hereby given to such declarant or applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding shall file a notice to that effect with the Commission on or before June 3, 1940.

The matter concerned herewith is in regard to the following transactions:

The Manufacturers Light and Heat Company, Manufacturers Gas Company and Pennsylvania Fuel Supply Company propose to construct additional facilities which will supplement, and in some part, parallel their existing facilities and which will enlarge their capacity to transport gas from the lines of United Fuel Gas Company to the lines of Home Gas Company, which supplies Binghamton Gas Works and The Keystone Gas Company, Inc. All of these companies are subsidiaries of Columbia Gas & Electric Corporation, a registered holding company under the Public Utility Holding Company Act of 1935. To finance this construction program, The Manufacturers Light and Heat Company proposes to issue and sell $536,663 principal amount of 4½% Short Term Notes maturing in 11 months; Manufacturers Gas Company proposes to issue and sell a maximum of $1,100,000 principal amount of 4½% Short Term Notes maturing in 11 months; Pennsylvanial Fuel Supply Company proposes to issue and sell $150,592 principal amount of 4½% Short Term Notes maturing in 11 months. Columbia Gas & Electric Corporation proposes to acquire for cash all of such notes from its above subsidiaries.

The applicants have designated the third sentence of section 6 (b) and sections 9 (a) and 10 of the Public Utility Holding Company Act of 1935 as being applicable to the transactions involved in the above proceedings.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 40–2126; Filed May 25, 1940; 11:28 a. m.]

[File No. 70–67]

IN THE MATTER OF FEDERAL WATER SERVICE CORPORATION

NOTICE OF AND ORDER FOR HEARING

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 25th day of May, A. D. 1940.

An application pursuant to the Public Utility Holding Company Act of 1935, having been duly filed with this Commission by the above-named party;

It is ordered, That a hearing on such matter under the applicable provisions of said Act and the rules of the Commission thereunder be held on June 6, 1940, at 10:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue NW., Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered, That Willis E. Monty or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice.

Notice of such hearing is hereby given to such declarant or applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding shall file a notice to that effect with the Commission on or before June 5, 1940.

The matter concerned herewith is in regard to permitting Federal Water Service Corporation to acquire by purchase up to $500,000 principal amount of its 5½% Gold Debentures, due May 1, 1954. Purchases would be made in the open market, for cash at the market price at the time of purchase, but not in excess of the principal amount.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 40–2131; Filed, May 22, 1940; 12:04 p. m.]